

WEST EUROPE

EEC moves to avoid creating a 'sugar mountain'

From Our Correspondent
Brussels, September 18

The European Community faces the danger of a "sugar mountain", brought about by the new surplus in production, officials in Brussels fear.

With the Community in the embarrassing position of going into the United Nations conference in Geneva without a common position, foreign ministers of the Nine met this week to try to patch up a last-minute compromise.

Because the Community is the biggest trader in sugar, there can be no effective international agreement without it. Consequently, the developing countries—not least the North African and Caribbean countries which Britain feels a special obligation to help—have been highly critical of European selfishness for failing to reach an agreement.

The difficulty, after the exceptionally wet weather which has increased beet production,

comes from French and Belgian growers' reluctance to accept export quotas.

The Commission in Brussels has proposed that the Community should have a special status, outside the quotas system, for the rest of the producers, but even this compromise has so far proved too much for the French and Belgians to swallow.

It was not so long ago that shortages of sugar sent prices soaring, but now the market, in the words of M. Claude Cheysson, a member of the Commission responsible for development, has become "scandalous".

With the world in surplus, prices continue to slide towards £100 a tonne. Officials in Brussels expect this trend to continue for at least another 12 months, with the surplus reaching as much as four or five million tonnes, a large part of which will be on the Community's account.

Apart from the Community, all the countries at the Geneva conference are insisting on export quotas as the only way to ensure price stabilization.

Portugal's ruling council passes land reform law

From Our Correspondent
Lisbon, Sept 18

Portugal's ruling Council of the Revolution has given final approval to the new law and land reform, already passed by Parliament and the constitutional committee, which operates in conjunction with the Council.

The new law, which was passed with a majority vote of the Socialist and Social Democrats in Parliament, is strongly

opposed by the Communists, who are powerful in the southern Alentejo province.

It supersedes the land reform law promulgated in the time of the government led by General Vasco Gonçalves. Among the alterations to the Gonçalves law, the Communists, which operates in conjunction with the Council.

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March by 30,000 Basques in Pamplona

From Our Correspondent
Madrid, Sept 18

About 30,000 people took part in a peaceful demonstration in the northern Spanish city of Pamplona last night in a demand for a total amnesty, legalisation of all political parties and autonomy for the Basque region.

Marching behind the flags of the Basque region and the province of Navarra, the demonstrators shouted for the dismissal of Señor Adolfo Martínez Villa, the Interior Minister, and Señor Amadeo Marco y Linde, the president of the Provincial Delegation of the central government.

Basque civil war veterans who fought against General Franco held their first legal meeting in the ancient town of Guernica today and reaffirmed their oath of allegiance before the oak tree which symbolises the free spirit of the Basques. They then attended a Requiem Mass in the town of Múndaca, near Guernica, in memory of their companions killed in the civil war.

Señor Manuel Clavero Arévalo, the Minister for Regional Relations, said on Friday that he will represent the Madrid Government in negotiations with Basque nationalist leaders to draw up a home rule statute for the region.

He added that the Basques would be represented by their elected members in the Spanish Parliament, rather than by the Basque government in exile, at the specific request of the Basque exiles' leader, Señor Jesus Maria Leizaola.

Señor Clavero Arévalo also revealed at his press conference on Friday that the Generalitat, or autonomous Catalan Government, might be proclaimed by the end of the month on a provisional basis, pending the drafting of the new Spanish constitution.

The minister added that Señor Josep Terradellas, present president of the Generalitat, could be expected to return to the Catalan capital of Barcelona then, after visiting Madrid.

Good chance of survival seen for sextuplets

Leyden, The Netherlands, Sept 18.—A 28-year-old woman gave birth to sextuplets early today and doctors have given the four girls and two boys a 75 per cent chance of surviving.

The hospital said that the babies were in very good condition with weights varying from 2.2lb to 2.7lb.

The hospital said that if the sextuplets—the first ever born in The Netherlands—survive, it would be the first time multiple babies in such a large multiple birth lived longer than a few hours.—UPI.

Frail Pope moved by crowd's welcome

Pescara, Sept 18.—About 200,000 people gathered yesterday in Pescara to cheer the Pope on his first journey outside Rome for more than a year.

The Pope, who will be 80 on September 25, looked frail and tired but was visibly moved by the crowds as he was driven through the streets of this Adriatic resort in an open car sheltered by an umbrella. He flew to Pescara from Rome for a three-hour visit to the Italian Eucharistic Congress.

Churchmen spurn political bias in debate on European union

From Peter Nichols
Ottobrunen, Bavaria, Sept 18

The high Baroque splendour of Ottobrunen's Imperial Abbey was the sumptuous setting today for a bold assertion of the decisive role which Christianity must play in any fresh effort at building a united Europe.

The original purpose of the meeting here of politicians and churchmen was to study the Christian contribution to the first direct elections planned for next year. In fact, the results of two days' work, connected by a night of prayer in the bracing air of the Bavarian Allgäu went far beyond that.

Thanks were due less to the politicians than to the churchmen, who had clearly done some original thinking about the subject and were more prepared to be both frank and ambitious. Cardinal Benelli, Archbishop of Florence, who gave the main speech in the Kaisersaal of the Benedictine monastery, said that Europe would be united effectively only if proper value was placed on the Christian heritage. The reverse might also be true: that one reason why the movement towards unity had fallen on bad times was the

weakening of the Christian spirit in Europe. He appealed to the other Christian churches, several of which had representatives to hear him, to help in the process by advancing their own endeavours towards Christian unity.

He went out of his way to deny any ambitions on the part of the Roman Catholic Church to claim hegemony over a united Europe in the future, and emphasised the acumen of his reading of Europe's needs.

He was preceded at the rostrum by envoys from the Greek Orthodox Church, the Church of England, the Evangelical-Lutheran Church, the Old Catholics and the Russian Orthodox Church in exile.

Dr R. R. Williams, Bishop of Leicester, gave a strong warning against Christian churches being tempted to identify with any particular political party or to believe that ecclesiastical hierarchies could still hope to dominate society.

"It is our tradition to hope for Christian convictions among men and women of all parties. The Labour Party had as one of its origins the free Christian life while the Church of England has also had a stream

of thinkers, from St. Maurice to William Temple who have expounded Christian socialism. The Conservative Party has strong traditional links with the Church of England and many leaders value the emphasis on the individual and individual liberty which this party has at the forefront of its policy."

It would be an mistake taken to expect the return of Christianity to the status of a society dominated by the visible church. It is not vain to hope for a society in which the values treasured by the Christian tradition and symbolised by Christian architecture and culture may once more prove to be the guiding light not only of individual conscience but of European, national and social policy."

Yesterday was dominated by the politicians, who spoke to a crowd of several thousand in the Abbey grounds. Herr Franz Josef Strauss, leader of the Bavarian Christian Social Union, was in the forefront. He and Dr Helmut Kohl, leader of the West German Christian Democrats, shed applause mainly by praising European unity and by drawing a black picture of the flying dangers threatening Europe from Italy and France.

Church and civil dignitaries, including 20 cardinals, assembled cold and wet in an open amphitheatre at the sea front to greet the Pope. Sounding impassioned but failing several times, he delivered a 15-minute sermon calling again for Christian unity and reminding Roman Catholics of their duty every Sunday to attend Mass, "the pivot of religious life". He criticised the "sociologi-



Herr Franz Josef Strauss, the Christian Social Union leader, speaks under guard at Ottobrunen, West Germany.

Blackout on news of kidnap

Bonn, Sept 18.—A meeting of senior officials to review the crisis caused by the kidnapping of Herr Hans-Martin Schleyer, which is now in its thirteenth day, was believed to have been held here today amid a total news blackout.

It is believed that contact with the kidnapers, members of the Red Army Group, has not been broken, but there were no reports of new developments.

A Geneva lawyer, Mr Denis Payot, who is acting as an intermediary, said he had no

thing to add to his statement on Friday that negotiations were continuing.

It appears that the kidnapers have not repeated earlier moves to inform other individuals and news agencies of their conditions or the release of Herr Schleyer.

The kidnapers have threatened to kill Herr Schleyer unless 11 jailed Red Army Group members are freed. It is generally believed they will carry out their threat.

Herr Schleyer is believed to be still alive and a newspaper Die Welt has reported that he was being held in a room in a hotel in Bonn. The newspaper showed his reading Wednesday's newspapers.

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From Charles Hargrove
Paris, Sept 18

The night for Mr Robert Fabre, the Left Radical leader, walked out of the summit meeting of the Union of the Left, French division showed the old Peter Fabre from 176 a crisis would be the terms of emergency regulations of the Rikono Association.

In Soweto, outside Johannesburg, about 3,000 blacks packed the huge Regina Mundi Church for the only untoward incident occurred a South African Broadcasting Corporation television crew and representatives of the pro-Government English language newspaper, the Citizen, from the rally.

Inside the church, women waited as Dr Nkhata Mofane, chairman of Soweto's Committee of Ten, described Mr Fabre as a "crisis" and a "lion's roar".

There were unconfirmed reports today that a preliminary report on the post-mortem examination carried out on Mr Fabre indicated brain damage. But Mr Donald Woods, a close personal friend of the dead man and the editor of the East

Continued from page 1

with my post as Foreign Minister. But it would not be in the public interest to say what that matter is."

The belief here is that the meeting with Mr Begin took place at the initiative of Mr Dayan rather than the Prime Minister. The decision to return could not have arisen simply from a need to report to Mr Begin, as this could have been done through normal channels of communication.

It seems therefore that Mr Dayan wanted to consult the Prime Minister on information he received. He may even have wanted to persuade the Prime Minister to over decisions that should be taken.

The impression here is that whatever Mr Dayan did probably took place in Brussels and that he went to Paris simply because there were no direct flights to Israel from Brussels over the weekend.

Mr Dayan is scheduled to meet Mr Cyrus Vance, the United States Secretary of State at 11 am tomorrow before his meeting later in the day with President Carter.

The meeting with Mr Carter is regarded by Israel as likely to be even more fateful than the earlier one between Mr Begin and the President.

President Carter was quoted here today as saying emphatically that he does not support the concept of a separate Palestinian state. He emphasised that he has used the term "Palestinian entity" which could, for instance, indicate the prospect of a link with Jordan. However, this has done little to reassure the Israeli Government.

Charles Hargrove writes from Paris: The French Government, according to informed circles, knew nothing of Mr Begin's arrival and there was no representative of the Israeli Embassy to meet him, it seems.

There are rumours here that during his brief stay he met an envoy of the Egyptian Government, but this has been firmly denied.

Cairo, Sept 18.—Mr Fahd today denied he had seen Mr Dayan in Paris yesterday.

He said at the airport before leaving for Washington for talks with the Carter Administration. "I did not go to Paris. I have not seen Dayan and I am not going to see him until Israel accepts the Arab rights by withdrawing from all territories it occupies and by recognising the Palestinian rights."

A year ago the Episcopal General Conventions approved both the ordination of women priests and preliminary acceptance of a revised prayer book. Those reforms provoked a fragmented and confused movement that had for a dozen years, complained that the church was drifting towards liberalism and secularism.

In making a total break with the church, dissident leaders ignored the pleas of Episcopal spokesmen and insisted that the mainstream of the church, which had approved the changes by solid General Convention majorities, had broken with its traditional faith.

Reflecting that position, the "Affirmation of St Louis", as the charter was officially called, portrays the emerging church as the legitimate bearer of true Anglican principles and says that the Episcopal Church is schismatic.

The affirmation accuses the Episcopal Church of "unlawful attempts to alter faith, order and morality" and of thereby departing "from Christ's one, holy, catholic and apostolic church".

The charter statement declares that no "schismatic group or body" can depose a valid priest, obviously referring to actions by episcopal bishops against dissident priests.

The document asserts that the new church's intent to remain in communion with Canterbury, and disclaims the right to change any tradition of understanding or article of faith. The section approves of abortion and divorce—on which the Episcopal Church recently has become more liberal.—New York Times News Service.

OVERSEAS

S African police keep low profile as thousands mourn black leader after his death in detention

From Our Correspondent
Johannesburg, Sept 18

Police kept a deliberately low profile today when thousands of blacks gathered to mourn Mr Steve Biko, the black consciousness leader who died in detention last Monday. There had been concern that the authorities would break up the rallies under the terms of emergency regulations of the Rikono Association.

In Soweto, outside Johannesburg, about 3,000 blacks packed the huge Regina Mundi Church for the only untoward incident occurred a South African Broadcasting Corporation television crew and representatives of the pro-Government English language newspaper, the Citizen, from the rally.

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Reflecting that position, the "Affirmation of St Louis", as the charter was officially called, portrays the emerging church as the legitimate bearer of true Anglican principles and says that the Episcopal Church is schismatic.

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London Daily Despatch newspaper, who saw his body last night, said that he was unaware that any preliminary results had been drawn up.

Last week, Mr Woods spoke passionately about Mr Biko's death on university campuses in Cape Town and Johannesburg; and Mr Kruger has said that he is consulting his legal advisers whether to sue him.

Mr Kruger said that Mr Biko had been held since mid-August under the Terrorism Act, would have been charged eventually with inciting arson and rioting. He said he had "secret documents" linking Mr Biko's Black Peoples' Convention with the black consciousness movement and that he would expose these in the newspapers.

Extracts from one of the documents were published at length in the Citizen on Saturday, which is probably why its reporters were ejected from today's rally in Soweto.

The Johannesburg Sunday Times commented: "The death of Steve Biko in detention was bad enough without the squalid efforts now being made to convict him posthumously on charges that were never brought against him when he

was alive to answer them."

A Nationalist MP was quoted by the Johannesburg Sunday Express as saying: "Jim Kruger (Mr Kruger) has really made a mess of things this time. Doesn't he realize that black consciousness is virtually the cornerstone of separate development and that, in this sense, it is as important as white consciousness?"

Many Nationalists, the newspaper said, would be satisfied only if Mr Kruger was publicly rebuked by the Prime Minister. There was no confirmation of this report from New York this morning, quoting Mr Vorster as saying that there would be a judicial inquiry into Mr Biko's death. Mr Kruger has said that an inquest would be a sufficient investigation.

The Government has resisted all demands for judicial investigations into the 20 deaths in detention that have occurred in the past 18 months.

However, the leading Afrikaans-language newspaper, Rapport, today called a full inquiry into all deaths of detainees and insisted that Mr Kruger might do his own tarnished reputation some good if he ordered a complete investigation into what went on in the security police cells.

Continued from page 1

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Dissident leaders plan to devote the next several months to adding to those pledges that were already secured from the Episcopal Church. According to their plan, clusters of parishes will then form new dioceses and begin electing bishops.

In the Holy Trinity, the diocese of San Francisco. These two are believed to contain at least 6,500 parishioners among eight parishes.

The charter provides the first concrete statement of principles on which to build a solid movement. Participants believe it will put the dissident movement on a more unified course. The six-page statement sets forth standards of belief and practice, emphasising the need to restrict the priesthood to men and to retain the 1928 Book of Common Prayer, with acceptable basis for worship.

A year ago the Episcopal General Conventions approved both the ordination of women priests and preliminary acceptance of a revised prayer book. Those reforms provoked a fragmented and confused movement that had for a dozen years, complained that the church was drifting towards liberalism and secularism.

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Anglican critics see reforms as unlawful

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Mr Fahmi denies he met Israeli leader

Continued from page 1

OVERSEAS

Court martial likely to keep Mr Bhutto out of Pakistan campaign

From Richard Wigg, Rawalpindi, Sept 18

Mr Bhutto, the former Pakistani Prime Minister, probably will be prevented from playing a public role in the country's second general elections this year, set for October 12.

The elections today reached the stage where full campaigning is permitted but the voters have been told that before they go to the polls they will know the results of a court martial of Mr Bhutto. It will be the Army's verdict on his five and a half years in office.

General Zia, the chief martial law administrator, announced this last night, about 18 hours after the former Prime Minister and chairman of the People's Party had been re-arrested, having been released on bail four days earlier by a Lahore High Court in connection with a murder charge.

Other People's Party officials, including Mr Abdul Hafeez Pirzada, the former Finance Minister, were also detained on the Army's orders in various parts of the country. They will be court-martialled separately.

Mr Bhutto's court martial is expected to start soon, possibly within a week.

The upshot of the weekend's court-martial is that Mr Bhutto loses a key piece of the entire election campaign, whatever the verdict. This is what was always "wanted by the military" — "hurdles" such as General Zia, Ali Chaudhry, the Revenue Minister, and a popular figure who is also in charge of the Army's "election cell", the key supervisory organ for the election, and General Muhammad Iqbal, the Lahore Corps Commander.

In a fluid political situation, the military junta, which deposed Mr Bhutto on July 5, has been reluctant to react to a threat to law and order as Mr Bhutto prepared to campaign the country. He had announced that he planned an all-party meeting of three or four days, with public meetings in various parts of the country.

Mr Bhutto's arrest seemed to have been the last straw for the military junta. The military leaders lined up to command Mr Bhutto when he was arrested, and then Karachi after he was released last week.

General Zia's statement last night revealed that the military movement. Military rulers have decided to turn the election to a political strategy on a more sophisticated level after the six-party election immediately after the standards of July 5. To re-arrest Mr Bhutto, the military leaders, a popular figure, would be a court martial to judge the prime minister's alleged crimes against the nation.

When Mr Bhutto was taken to "protective custody" last night, he was given a full and complete medical examination. He was also given a full and complete medical examination. He was also given a full and complete medical examination.

Janata group state leader charged with corruption

From Our Correspondent, New Delhi, Sept 18

The Congress for Democracy, a group of the ruling Janata Party's constituents, is pursuing a campaign over the arrest of its state leader, Mrs. Nandini Prasad, and a popular figure, who is also in charge of the Janata Party's "election cell", the key supervisory organ for the election, and General Muhammad Iqbal, the Lahore Corps Commander.

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Budget Director fails to convince many of the senators investigating his affairs

Seven hours of cross-examination damage Mr Lance

From Frank Vogl, Washington, Sept 18

The weary and weakened United States Director of the Office of Management and Budget finally lost his patience yesterday and, looking up at the full senate committee on government affairs, asked: "When are we going to stop the investigation of Bert Lance?"

Are you ever going to stop investigating me? The answer to Mr Lance's question will come in the next few days when President Carter will make a final decision on whether or not to force Mr Lance to resign. The President has insisted in recent days that he is keeping "an open mind" on the subject although he believes Mr Lance enhanced his position in his testimony to the Senate committee on Thursday and Friday.

However, Mr Lance did not do nearly as well yesterday as President Carter has stated this weekend that he will be "analysing in detail all of the new charges and allegations and things and statements that have been made about Bert Lance."

Mr Lance's outburst to the committee yesterday was the critical moment in three long days of gruelling and often tense cross-examination of the Budget Director by the committee.

It was the moment, perhaps, when Mr Lance finally felt that he had been pushed to the limit. He had been asked to resign by President Carter, but he had refused. He had been asked to resign by President Carter, but he had refused. He had been asked to resign by President Carter, but he had refused.

another full statement on his current debts and assets.

Several of the committee members, including the two most senior, Senator Abraham Ribicoff and Senator Charles Percy, were clearly unconvinced by many of Mr Lance's explanations.

At least half the committee members believed at the end of the hearings this weekend that many of Mr Lance's past actions are morally questionable and that some may even be illegal. Mr Lance failed to convince all the senators that he did not conceal vital information from the committee at the time of his confirmation last January, that he did not seek to influence Government officials to drop criminal and civil investigations into his political and banking affairs, and that he did not violate at least four tax laws by using company aircraft for private and recreational purposes.

Then Mr Lance was unable to convince all the senators that he did not mislead two banks by juggling the same securities to each of them in return for loans and that he did not obtain large personal loans from a host of banks in return for promises that these banks would get profitable business from the financial institutions that he directly controlled.

In addition, Mr Lance failed to convince all the senators that he took "immediate action" as he told Government inspectors by bank directors of overdraft privileges at the Callahan National Bank which he managed. He also failed to convince them to all that he acted properly in letting the Callahan National Bank handle all his political campaign expenses.

At one point yesterday an exasperated Senator reminded Mr Lance: "Harry Truman once said that if you can't stand the heat, get out of the kitchen." To this Senator

Prisoners of conscience

Taiwan: Hung Shui-liu

By David Watts

Mr Hung Shui-liu, a Taiwanese agricultural worker, has been in jail since 1950. Now more than 60 years old, he is still held for suspected communist activities.

For the whole of his 27-year detention he has been in the Green Island New Life Camp of the south-east coast of Taiwan. Mainly used for long-term detainees, Green Island houses only a military garrison and the prison, which is the most isolated and dreaded jail in the country.

Mr Hung is one of about 30 people who were arrested for their alleged contact with the Taiwan Communist Party (TCP) during the period of Japanese rule. The TCP, which no longer exists, was formed in 1923. Though it seems never to have been a large organization, efforts were made to gain support among the labourers and farm workers of rural Taiwan.

The prisoner is thought to have been arrested under the Statute for the Punishment of Rebellion under which most political prisoners are held in Taiwan. Though he is believed to have been sentenced in 1950, it is unclear what sentence he was given but there has been no evidence of his involvement in violent activities.

In July, 1975, a number of political prisoners were released as an act of clemency ordered by Mr Chiang Ching-kuo, the Prime Minister, in memory of his late father, President Chiang Kai-shek, and some observers saw this as the beginning of the possible liberalization of the regime's political activities.

Polish bishops attack the media

Warsaw, Sept 18.—The Roman Catholic bishops of Poland today accused the communist-controlled press, radio and television of promoting "godless ideology" and "totalitarianism".

The bishops drew up their pastoral letter at a conference last June, but it was not published until today. The Polish church observes the third Sunday of September as "Public Media Day."

The letter said the media were used "in a struggle against God, religion, the church and everything which is dear and valuable to believers."

Asking whether the church could keep silent in such a situation, the letter urged Christians who listened to the radio and television, went to the theatre and cinema, or read the press, to be critical and selective.

"The media are in the hands of people guided by principles of militant atheism and an ideology hostile to all religion," the bishops called on believers to oppose publications and programmes which offended faith and good morals by sending protests to editors and producers. "We have this right." They also appealed to the state authorities not to allow the media to offend Catholic feelings.

Observers noted that the conference at which the bishops drew up the letter came only a week after Cardinal Karol Wojtyla of Cracow bitterly accused the media in a sermon of distorting the truth about student demonstrations in the city in May.

Church access to the media is one of the main issues in talks which have been going on for two years between the Vatican and the Polish Government on possible improvement of relations. The Government so far have shown no sign of giving way on this point.

The pastoral letter concluded by urging congregations to listen to Vatican Radio. Priests gave out its wavelengths and times of its Polish-language broadcasts.—Reuters.

Ethiopia's military struggle a 'race against time'

Addis Ababa, Sept 18.—Ethiopia, faced with a bitter war against Somali-backed insurgents in its Ogaden region, is engaged in a "race against time", the Amharic-language daily newspaper *Addis Zemen* said today.

"Ours is a battle not only against enemy forces but also a race against time. Every minute, every second can make a difference to both sides," the newspaper said.

In a leading article it urged Ethiopians to respond promptly to the Government's mobilization call to defend the country's unity and territorial integrity.

Since Friday, the Government has set in motion a machinery for total mobilization after fierce assaults by pro-Somali insurgents against the Ogaden towns of Jijiga, Haker and Dire Dawa.

The Ethiopian news agency reported today that 271 prisoners held on suspicion of "counter-revolutionary" acts in the northern Gonder province had been released.

The Government earlier freed 884 other prisoners held on similar charges here.

All the country's mechanics were ordered today to assemble in the capital to service fleets of vehicles taking the citizen armies to the war front.

Diplomats said that thousands of buses, lorries and vans were crowded into the capital. A broadcast by Addis Ababa radio said today that the mechanics were to repair with their tools to a maintenance centre.

The Government also directed the population today to work harder to increase production and to maintain a healthy economy. The directive came from the National Revolutionary Operations Council which said that increasing production should be regarded as no less significant than the bitter struggle the country is waging against Somalia.—Reuters and Agence France-Presse.

Early Greek poll in reply to opposition challenge

From Mario Modiano, Athens, Sept 18

Mr Karamanlis, the Greek Prime Minister, is to call general elections in November, a year before they are due, despite his New Democracy party's two-thirds majority in Parliament.

The Prime Minister is likely to argue that he had no other choice in view of persistent claims by the opposition parties and press that the 54 per cent of the popular vote his party won in the 1974 elections had been due to fortuitous circumstances, and no longer represented the electorate's will.

Mr Karamanlis feels that ignoring this challenge would impair the Government's effectiveness and prestige in handling important issues, such as the crisis in relations with Turkey and negotiations for the early admission of Greece to the EEC.

Even though most opposition parties do not want an early election, they are unlikely to say so in public. However, they make the point that the Prime Minister is, in a sense, usurping the presidential function by forcing the dissolution of Parliament at a time when his party controls such a comfortable majority.

According to the constitution the dissolution is mandatory only if (a) the Pres-



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Man held over stabbing of Indian attaché

Canberra, Sept 18.—A man aged 26 was arrested in connection with the stabbing and abduction of the Indian military attaché in Australia last week.

Colonel Iqbal Singh was stabbed at his home in the suburb of Red Hill early on Thursday.

Colonel Singh told the police last week that, after stabbing him, the intruder forced him and his wife at gunpoint to drive out of Canberra towards the Snow Mountains. Colonel Singh later swerved his car off the road and he and his wife grappled with their captor, who fled into the bush. Colonel Singh is still in hospital but his condition is described as satisfactory.—Reuters.

Nepal Premier promises to free detainees

Katmandu, Sept 18.—Mr Kiratidhi Dista, the new Prime Minister of Nepal, has promised to free political prisoners provided they do not face specific criminal charges.

The national news agency quoted him as saying yesterday that political prisoners released under the new policy should lead disciplined lives, "discharging their duty to King and country. Only people charged with specific criminal offences would be kept in jail."

Political dissidents can be held either under the National Security Act, when they can be detained indefinitely without charge, or under the Treason (Crime and Punishment) Act, when specific charges are made. A dissident leader today estimated that 40 to 60 people were in the first category and at least 140 in the second.—Reuters.

UN offers £880,000 aid to Filipino refugees

Kuala Lumpur, Sept 18.—The United Nations High Commission for Refugees will offer aid of £880,000 to Filipino refugees in the East Malaysian state of Sabah next year.

Its commissioner here, Mr R. Sampat Kumar, said today that a large part of the money would be used to help 90,000 refugees to integrate into the local society.

Mr Sampat Kumar said the High Commission would provide housing, medical and other facilities for the refugees in its programmes. It would consider helping the refugees to return to the Philippines

UN offers £880,000 aid to Filipino refugees

but there had been no such request so far.

Referring to the 3,400 Vietnamese refugees in Malaysia, Mr Sampat Kumar was hopeful that they would be resettled in a third country by the middle of next year. More than 100 of them will leave for the United States by the end of this month.

Mr Sampat Kumar disclosed that the United States had agreed to accept 1,000 Vietnamese refugees for permanent resettlement. Australia, New Zealand, Denmark, West Germany, France and Canada would also accept Vietnamese for resettlement.—Agence France-Presse.

SPORT

Yachting

Robins looks on as Courageous sails into America's Cup history

Newport, Sept. 18.—Ted Turner, the skipper defending the America's Cup in Courageous, swept aside the Australian challenger, the 22nd un-tilted challenge to wrest the Cup from the United States.

It has never been relinquished to a foreign contender since it was first won by the yacht America, off the Isle of Wight in 1851. Today's winning margin over the Australian challenger was 2min 25sec and was largely a result of the first three races, with Turner sailing into the lead on the first beat and never thereafter being headed.

Australia, skippered by Noel Robins, was 44sec behind at the weather mark after an even start. From then on, Robins helplessly watched Courageous sail away into yachting history as yet another successful American defender. The race over a 24.3-mile course, was sailed in south-west winds diminishing from 14 knots at the start to a mere 4 knots.

Indeed, the prayers of the crewmen of Australia were answered at the start. The wind was about 14 knots, exactly the strength expected to give the best chance of victory. Courageous won the first three races by margins of 1min 45sec, 1min 35sec and 2min 25sec.

On the second beat, Courageous continued to pull away from Australia, although Turner seemed to be sailing a conservative race and covering his opponent closely.



Ted Turner, the Courageous skipper, blows a kiss to the crowd before yesterday's race.

Turner hoisted a light spinnaker and was advancing on the fifth mark but Australia still had the lead. Turner's lead on the fifth leg virtually precluded the possibility of Australia giving him a "dirty" wind and narrowing the gap. In

the previous races, Robins has been able to reduce the margin of Courageous on the run, since the trailing boat gets fresh wind earlier on a downwind leg. But the difference has never been enough to give Robins the chance to gain the lead on the final beat.

Crebbin looks a winner after one race

By John Nicholas

Philip Crebbin, rapidly becoming one of Britain's best all-round racing helmsmen, was a convincing winner of the first race in the Soling class and the 470 class at Holyhead yesterday. He first showed his potential in a Soling when sailing a rather wonky boat, borrowed from Weymouth Olympic Week early in the season. In spite of the boat's lack of speed, he won the race by a margin of one of the better helmsmen.

Now in a new boat, another borrowed, but competitive boat, he already looks a perfect helmsman of the week. Between Weymouth and Holyhead Crebbin has spent most of his sailing time in large offshore yachts. He is a member of the team that retained the Admiral's Cup. Originally a dinghy champion of several classes, he has recently moved to the centreboard boat since representing Britain in the 470 class in the last Olympics.

It is too early yet for him to obtain a new Soling of 470. For the time being, he is racing a borrowed boat. But his options are open to change to one of the better boats in the time course. In the meantime he can continue to gain experience and simply enjoy sailing.

Crebbin, who was held in brilliant sunshine and a cold northerly breeze. The sea was flat and the three marks of the last race were clearly visible. A wind shift which commenced soon after the start prevented the windward boat from being a perfect helmsman, although several tacks still had to be made in order to reach the mark.

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Motor racing

Rose's effort for Jaguar falls eight laps short

Andrew Rose made a courageous effort to win the 24-hour Silverstone trophy but his attempt ended in failure only eight laps from the end of the race. The 31st mile race went to Tom Walkinshaw, of Britain, and Dieter Quester, of Austria, in an Alpine.

It was the team's fourth European championship success of the season but Jaguar remain searching for their third. The team, who shared the Leyland-entered 5.3 litre coupe with Derek Bell, could not catch Walkinshaw after trailing by 20 minutes.

RESULTS: European Formula One (1st) J. Hunt (GB), 2nd N. Piquet (GB), 3rd J. Villeneuve (CAN), 4th A. Jones (GB), 5th M. Surer (SWE), 6th J. Watson (GB), 7th J. Schlesinger (GER), 8th J. Jarvis (GB), 9th J. Stiller (GER), 10th J. S. Jones (GB), 11th J. S. Jones (GB), 12th J. S. Jones (GB).

Cycling

Backmarkers in front seat at six-day event

Backmarkers of the 36th six-day cycling event held at the Empress Pool, yesterday. The all-rounders, who were the first two Madison chasers to try to catch up on the three leaders. The backmarkers included the all-time team of Steve Herderson and Michael Bennett who pulled one lap back to go 12 down but they still led the field.

The overnight leader, Patrick Sercu, Europe's leading six-day cyclist, and his Dutch teammate, René Pijnen, kept a close eye on things and held back the challenges from their close rivals, Don Allan and Albert Clart, of Australia, and German Wilfried Peffers and Danny Fritz.

Britain's Tony Gowland and the West German, Hans-Joachim Hartz, who led at one stage on Saturday but slid back to four laps down and fifth, pulled two back yesterday to leave them fourth.

LEADING POSITIONS: 1. P. Sercu (BEL), 2. R. Pijnen (BEL), 3. T. Gowland (GB), 4. H. Hartz (GER), 5. D. Allan (AUS), 6. A. Clart (AUS), 7. W. Peffers (GER), 8. D. Fritz (GER), 9. J. S. Jones (GB), 10. J. S. Jones (GB).

Baseball

AMERICAN LEAGUE: Cleveland Indians beat Toronto Blue Jays 4-3. Boston Red Sox beat New York Yankees 4-3. California Angels beat Chicago White Sox 4-3. Kansas City Royals beat Minnesota Twins 4-3. Oakland Athletics beat Philadelphia Phillies 4-3. St. Louis Cardinals beat Cincinnati Reds 4-3. Pittsburgh Pirates beat San Francisco Giants 4-3. Los Angeles Dodgers beat Houston Astros 4-3. San Diego Padres 0.

Athletics

ALL-STAR: European decathlon cup (1st) J. S. Jones (GB), 2nd J. S. Jones (GB), 3rd J. S. Jones (GB), 4th J. S. Jones (GB), 5th J. S. Jones (GB), 6th J. S. Jones (GB), 7th J. S. Jones (GB), 8th J. S. Jones (GB), 9th J. S. Jones (GB), 10th J. S. Jones (GB).

Motor racing

1st: J. S. Jones (GB), 2nd: J. S. Jones (GB), 3rd: J. S. Jones (GB), 4th: J. S. Jones (GB), 5th: J. S. Jones (GB), 6th: J. S. Jones (GB), 7th: J. S. Jones (GB), 8th: J. S. Jones (GB), 9th: J. S. Jones (GB), 10th: J. S. Jones (GB).

Athletics

Bedford 3rd behind an unknown Irishman

David Bedford, a former 10,000 metres world record holder, made a comeback at the British Athletics League Cup final meeting yesterday. Bedford, who last ran the distance during the AAA championships three years ago, was beaten by unknown Irishman, David Logan, of Edinburgh Southern Harriers.

Bedford, who has only run once in the last three years, finished half a lap behind Logan in 2min 35.8sec, a personal best, and Logan, who won the 1970 international cross-country champion was second. Bedford's time was 2min 35.8sec.

Elizabeth Sunderland, the Commonwealth record holder, was missing injured and the 400 metres hurdles went to Diana Heath, who beat Tessa Sanderson in a time of 1min 11.5sec. In the men's 400 metres hurdles, Peter Kelly set a Cup record of 51.4sec. Daley Thompson, a decathlete, was third.

Mary Stewart, the world indoor 1,500 metres record holder and the British mile champion, added another record to her name when she won the 3,000 metres. She took almost 19 seconds off the two-year champion, a record of 4min 13.4sec, which was also a Welsh all-comers best. She had a second place share at the end over Paula Fudge.

Sonia Langman, the British sprint champion, was also missing injured and Sharon Colver won the 100 metres in 11.5sec. Miss Colver made it a double when she won the long jump with a distance of 12m 11cm.

RESULTS: 100m: S. Colver, 11.5sec; 200m: S. Colver, 23.5sec; 400m: P. Kelly, 51.4sec; 800m: J. S. Jones, 2:05.00min; 1,000m: J. S. Jones, 3:25.00min; 1,500m: M. Stewart, 4:13.4sec; 2,000m: M. Stewart, 6:45.00min; 2,500m: M. Stewart, 9:15.00min; 3,000m: M. Stewart, 11:45.00min; 4,000m: M. Stewart, 15:15.00min; 5,000m: M. Stewart, 19:45.00min; 6,000m: M. Stewart, 24:15.00min; 7,000m: M. Stewart, 28:45.00min; 8,000m: M. Stewart, 33:15.00min; 9,000m: M. Stewart, 37:45.00min; 10,000m: M. Stewart, 42:15.00min.

Cricket

Varachia elected president of multi-racial body

Johnnabes, Sept. 18.—South Africa's new, multi-racial cricket control body, the South African Cricket Union, elected its first president here today—Rashid Varachia, a 62-year-old Indian.

He was elected unanimously at a meeting at the Wanderers Club here attended by white, Indian and black cricket officials.

Mr. Varachia was chairman of the anti-apartheid cricketing committee set up to pave the way for "normal" cricket in South Africa, said in his presidential address.

He said the committee was essential to which to aim. They were membership of clubs to be entirely open and not governed by race or colour. The committee would implement mixed cricket from club level upwards; the sharing of common facilities.

Varachia has been an official of the non-racial South African Cricket Board of Control. In calling for the sharing of facilities, he said that the committee would implement mixed cricket from club level upwards; the sharing of common facilities.

He said the committee was essential to which to aim. They were membership of clubs to be entirely open and not governed by race or colour. The committee would implement mixed cricket from club level upwards; the sharing of common facilities.

Squash

Three countries still in contention

Ottawa, Sept. 17.—With two more days left in the world indoor squash championships, the race remains open between Pakistan, New Zealand and Egypt for first place. Pakistan defeated Egypt 3-1 in the semi-final.

Canada moved ahead of Sweden by defeating the United States in the first round. Pakistan defeated Egypt 3-1 in the semi-final.

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A Times Profile



Sir Maurice Laing

Forebodings of a master builder

When you mention the name Laing in company conversant with the construction industry—architects, engineers, developers, competitors—an almost reverential hush descends. What ever the big projects—motorways, bridges, whole ports, North Sea oil platforms, council housing estates, skyscrapers or factories—they build it, and have acquired a formidable reputation for probity and precision in the process.

Sir Maurice Laing, chairman of the group, a Director of the Bank of England, former President of the Institution of Civil Engineers and the CBE, is the current head of the family firm which came south from Cumberland to win national and international status. A quiet-spoken, gentle-haired, with the crinkled, weather-beaten face that comes from his love for ocean sailing, he looks like his beloved industry.

"The number of insolencies is great—2,500 a year—and the amount of the workload is going down all the time. I think I am correct in saying that 25 per cent of all unemployment in Britain is in the construction industry. There are about 300,000 people fewer employed in construction now than there were at the peak. What worries me is not only the recession now, but what is going to happen if and when the country recovers, as I think it will, because then we have damaged the industry so much that it will be unable to rise to the demand."

"It is the weaker people who are going out. Not necessarily the very small man, who is capable of looking after himself, but the man in the middle, who's not got enough financial and management resources to withstand the shock of the recession. What we will see at the end is a large number of small people at the end of the scale, who employ fewer than 50 people, mostly engaged on repairs, maintenance and alterations, but some of them doing jobs in factories and the like and a growth in the bigger people. Looking at that objectively, from a point of view of efficiency, it may be no bad thing, but it's very painful while it occurs."

"The so-called downturn in investment is the main factor. We reckon at Laing's that we get something like the order of the average inquiry has gone down materially. It is now under £1m, whereas three or four years ago it was nearer £2m. In the meantime we've had inflation, so the drop in size is very considerable indeed and that's brought about by a variety of things. First, industry isn't investing as much as it was, with one or two notable exceptions, not in bricks and mortar, they may be in other things, and then, secondly, we've had a great downturn in the property market."

"That is caused by the general malaise of the economy, but also by the restrictive actions that have been taken by successive governments against the property developer. They were so anxious to see that people didn't make the large sums of money that they had made in the late 60s and early 70s from property that they have in fact swung the neck of the goose that lays the golden egg. They did it at a time when they didn't need to do it. Now the vast majority of property companies just find the risk is too great to go and make developments."

"When you go to the United States and Canada you see buildings going up when they're already apparently got enough building of that kind already. Their tax system encourages people to invest. Here, with our tax system, and with the restrictive action of the various land development taxes, we positively discourage private investment. I have been recently to Canada and I couldn't help but notice there is more office space to let in downtown Vancouver than there is in the whole of London and yet they are still building."

"The rate of taxation on people and particularly on so-called unearned income has been already apparently got enough building of that kind already. Their tax system encourages people to invest. Here, with our tax system, and with the restrictive action of the various land development taxes, we positively discourage private investment. I have been recently to Canada and I couldn't help but notice there is more office space to let in downtown Vancouver than there is in the whole of London and yet they are still building."

"Our political system has become confrontational, where you've got one party against the other. They don't meet at all. That extends to our labour relations. Instead of trying to work together I don't believe that it's right that something under 40 per cent of the voters of this country should vote for a party which can then, whichever way it goes, completely upset what has been done in the last three, four, five years of the previous government. We have seen it time and again."

"You can't run industry and commerce successfully if you are going to constantly be changing your ground rules; you must have continuity. I must say I believe in electoral reform. The reason why some of the continental countries have been more successful than us is because their political system gives more stability to the industry."

our balance of payments very markedly right and that's a very great plus. But in the meanwhile we've got all the problems of inflation."

"The construction industry was much criticised in a National Economic Development Council report last year for its inferior productivity record compared with firms abroad. Sir Maurice's reply: "There's a considerable degree of truth that our productivity in this country is markedly lower than it is in most other developed countries. There's a great deal of truth also in the fact that the firms like ourselves work in these other countries and can compete with British management. That being the case, there is something inherently wrong in this country, not with our management."

"We come back to the whole question of incentives and bureaucracy. If we are going to regenerate British industry, if we are going to regenerate Britain as a whole, we've simply got to attack. Everywhere I go, I find people beginning to switch off because it's not worth putting in extra effort. You see it with ordinary working chaps, decent people. If they are required to work overtime and put themselves out and they're not paid for it, why should they? They cost it out and they decide they'd rather go to the football match, thank you."

"That goes right through to the two management. I say two management, I should say middle management upwards—the man who is earning £10,000 a year. Let's go back a bit. The man who was earning £4,000 a year four years ago needs something of the order of £10,000 a year today to be level, because of taxation and the increase in the cost of living. Until we can get this right we will not regenerate Britain, I am absolutely clear on that, as our number one priority. You can never make a country dynamic in which the level of tax is much over 50 per cent. We've got to shift to a greater burden of indirect taxation. There will be all kinds of reasons why we shouldn't do it, but we would be able to choose what we spend our money on."

"What we worry about is the number of people we send abroad who then go and leave us to join foreign companies at a salary that is materially higher than we can pay them or do pay them. We're losing a considerable number to foreign contractors. They always like the British because they are able, well trained managers. And when I say managers, they're engineers or quantity surveyors or well. If a man starts to go abroad, say before he is 30, that is the man who rarely comes back, because he finds life in Britain too restrictive, mostly on tax. He wants to come back to retire, I might say, but he doesn't come back to work."

"He could sound like a conventional Tory businessman until you take his background into account. The Laings have always been worker-directors. Sir Maurice entered the firm as a pupil at the age of 17. In an industry based on casual labour, more than a third of their work force are permanent employees. In a given year, more than a third of the work force are permanent employees. He reserves his paternalistic antipathies for governments and the bureaucracy."

"If we are going to regenerate Britain we ought to start on our political system. Politicians are very good at criticising industry. It is they who set the scene in which industry works and I don't think they are setting the scene very well. I am not talking about one government, I am talking about successive governments. Our political system is outmoded, much more outmoded than our industrial system. They bring in all kinds of legislation which just adds further to the cost and further to the delay. They do it for a variety of reasons, most of them vote-catching and nothing to do with creating the efficiency of the country as a whole."

"Our political system has become confrontational, where you've got one party against the other. They don't meet at all. That extends to our labour relations. Instead of trying to work together I don't believe that it's right that something under 40 per cent of the voters of this country should vote for a party which can then, whichever way it goes, completely upset what has been done in the last three, four, five years of the previous government. We have seen it time and again."

"You can't run industry and commerce successfully if you are going to constantly be changing your ground rules; you must have continuity. I must say I believe in electoral reform. The reason why some of the continental countries have been more successful than us is because their political system gives more stability to the industry."

At the present moment the govern

ment, in my opinion, is so concerned with avoiding an increase in tomorrow's unemployment figures that they are not cutting some of the wasteful bureaucratic machinery that we have in this country, which inhibits the whole of dynamism in industry and commerce. They are not cutting that because they know they'd be putting people out of work tomorrow. Instead of which they are cutting the infrastructure which is going to make us dynamic for the future. That is going to put people out of work in three or four years time, but of course governments take the short view."

"As we've been told by very famous politicians, a week in politics is a long time. This is the great dilemma. The time scale on which governments work is different from the time scale in industry. You can't make a decision in industry which is going to be really effective in under two years. Most of the major decisions you make are of a long term character, whereas the government is only concerned with getting elected at the next election."

"The second thing is the bureaucracy. I could go on and on about this. I'll give you an example. We are operating in the south-east of the United States, building houses. We do everything. We start from the beginning and we eventually sell the project off to a group or syndicate of people who are going to benefit from being part-owners of the project that we deal with."

"There are subsidised houses and therefore basically for pensioners and people of limited means in the States. It takes us a year to find the land, find a site, get the planning permission, get the finance, get the plans passed, get the occupancy licence and sell them. One year in this country it takes us three years before we can start a scheme. Now that's bureaucracy."

Sir Maurice is highly critical of the structure of his industry in Britain. Construction firms like Laing only take over a project after the plans and specifications have been set by others—architects, engineers and planners. He would like to see this process integrated, as in their American operations. "It becomes difficult for an architect to get to the top of a construction organisation because he is still not allowed to become a director of a company. He can't remain an architect, a member of the RIBA and that is not in keeping with the latter half of the twentieth century."

"What we are doing in the States we also do in other countries, though we certainly do it differently. We are doing engineering projects and particularly on roads. There are enormous advantages in cost savings. We are part of a consortium building roads and one of the sections went to a friendly competitor, who is part of our consortium. I was with him one day and went and had a look at what he was doing. 'Tell me,' I said, 'how did you manage to get that contract so much below us?' He showed me a bridge he was in process of building, across a town. By changing the design we had reduced the cost from over a million pounds to just about £600,000. He'd done it by managing to find a way of only having one pier in the middle of the town instead of two. That had saved something of the order of 40 per cent on that bridge."

The Laing group has an annual turnover of £450m, which is the biggest in their field, as Sir Maurice acknowledges. "Wimpeys are the biggest by a considerable margin, but if you take general contracting, we are. But Wimpeys do a tremendous amount of housing, very successfully. I am very envious of it. We're stuck at home, what does a firm like his do to regenerate Britain? He's got to have one pier in the middle of the town instead of two. That had saved something of the order of 40 per cent on that bridge."

"There are bound to be some major projects coming forward. There is going to be the occasional power station, things like the development of coalfields and ports, bridges and the like, but they are going to be less, at least for the next few years. However, what we have increased is diversified at home."

"We built three North Sea platforms very successfully indeed, a remarkable achievement—two for Forties, one for Ninian. We haven't got any orders at the present moment and that's because we're not put on a maintenance basis. That has taken us into the field of general plant erection and mechanical engineering. We've got a major contract in Poland as a result of this, which is something of the order of £50m."

"We are doing a considerable amount of pipelines, with their compressors, and now we are beginning to expand overseas. Our manufacturing side, although relatively small compared with our total turnover, is nevertheless quite big. Their malaise, which we largely invested in our own schemes about 30 years ago, is now a major company in the supply of walling materials. We have an association with a Swedish company in this and we are beginning to see possibilities of expanding abroad."

"Lytag, which we developed entirely ourselves, is a lightweight aggregate and we are building a new factory at the present moment, which will double our capacity. We are very far advanced in negotiations for taking it to the United States. That indicates that at least we are investing in Britain. We have to have a sound home market in which we can train our people to send them abroad. This industry is at the present moment doing several thousand million pounds' worth of work a year abroad and bringing home tens of millions of pounds back to the balance of payments in Britain."

"Then we have our property side which has been a great strength to us for many years. We are not doing the same massive schemes as before, but we are doing a number of smaller schemes and I think they are going to be successful. We are doing property development in Canada and our activities in America are more property development, because they are using our development entrepreneurship skills rather than our construction skills."

"His sailing is a serious hobby. He introduced Edward Heath to the sport, his unexpected setbacks make the problem of his business easier to sustain. 'I've been going well until recently. I've had a bit of bad luck in the last fortnight. We've got a yacht which does very well, as well as a shore-based business, but the new yacht, lightweight, can walk on its own in extremely light air. The two shore races that are going to choose the Admiral's Cup teams have had long periods of lightweight weather and we haven't done all that well. We won a race in the Solent the other day—I say we won it, we were first in it. Unfortunately the other two teams and the man who projected us and ourselves were both eliminated."

Brian Connors

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[illegible][illegible]

And if it sounds as though we're making rather a fuss over a few details,


HEAD RESTRAINTS, STANDARD IN ALL MODELS.

consider the importance of this:
if just a couple of those many 'extras'
make for safer and more relaxed
motoring, and our
competitors

Yet you'll find both these items fitted as standard on the Triumph Dolomite. But should these things be considered as 'extras' anyway?

anyway?

motoring and our competitors



The Dolomite 1500HL has 35

The Dolomite 1500 HL has 35 such 'extras' for instance, but we fit them as standard because it seems to us that a Triumph wouldn't be complete without them.

don't take the trouble to provide them, the least we can do is to take the trouble to bring them to your attention.

the spy
e." *The Times*

ARRÉ

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y spin an
s used it to
ld in the
rehesive
h century"
wings. *The Times*

dition

SEAT BELT WARNING LIGHT:

MOST CARS DON'T EVEN OFFER IT AS AN EXTRA.

replace the windscreen immediately, which could save you a lot of problems if you're on a long journey.

Many of our competitors seem

Dolomite. A triumph of British engineering.

Triumph
From Leyland Cars With Supercovers

TRUMPH DOLOMITE PRICES RANGE FROM \$2772.90 FOR THE DOLOMITE 1.90 TO \$4642.90 FOR THE DOLOMITE SPRINT. PRICES INCLUDE INERTIA REEL SEAT BELTS, CAR TAX, AND VAT. DELIVERY AND NUMBER PLATES EXTRA.

and Fletcher

Johnson is forgotten

what it was and keep it what it was, our first impulse when we are confronted with a supposed irresistible force is to place ourselves in front of it, to resist it, to oppose it, to defy it, to satisfy no doubt, hardly to be compared effectiveness with the Callaghan method of hiding head on the force and finding it in such a direction that it irresistibly dissolves as it moves.

Nobody understands better than I do that John, the historian, that those who make history are seldom aware of what they are doing. Take, for instance, the Putney debate which is so vividly described in *The Offshore Islanders*.

The yeoman-soldiers who debated with their generals at Putney Church, the Puritan soldiers who debated with their officers on Cromwell's deal with the King, what would happen to those who had served under him against the King? Were they

mercenary, traitor, thief, or what? And if they did have a different view, what would have been the control of the power they protected it?

These were the matters at hand at Putney. In dealing with these, however, men hardly noticed by historians (or the poets) were the men who were the also, both in word and deed, brought into the world that concept of expanding freedom which was (and despite surface appearances still is) the essence of modern democracy.

Molecular changes are taking place in the Labour Movement—changes which Mr Johnson, the journalist writing against the clock, cannot be expected either to notice or to understand. Johnson, the historian, should make himself aware of Newton's Law of Motion. The only source of my political hopes is beginning to reveal itself in operation. It resembles the reaction to pressure used to describe the chambers of compressed and compressed tribal-warrior, who have not

stopped a small town in his constituency for nearly an hour. They were neither on strike nor suddenly overcome with "milfancy." They were taking time to celebrate his wedding. The bride and the groom came into that small church almost visible. It remained visible at the subsequent reception. The membership of my constituency party attended.

My wife, who has served its constituents as a general practitioner for 20 years, had been moved to the point of breaking down at this revelation of the real, generous face of the constituency. Owing to illness, and a change of address, I had neglected to renew my membership this year. On the day Mr. Burgess left the

Labour Party I re-joined it.
The author is Labour MP for
Ilkerton.
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She is also conducting campaigns to educate both female and male addicts and drug addicts. "Only one out of every five gets a treatment," says a local woman, "she pointed out."

But progress in such matters is, she admits, slow. "It's a lot slower than I expected it was going to be," she said. "I don't have any real power." But at least, she says, the city council, she says, has a real job, even if it's until the end of the year, and Texas looks like returning formally with its stereotypes.



It was not to be expected that the weapon of the referendum, having once been drawn by Sir Harold Wilson, would remain thereafter in the scabbard. Sir Harold wielded it in order to divert into a harmless channel passions which would otherwise have fractured the Labour Government. Mrs Thatcher now flourishes it on television in order to equip herself with an answer to one of those "what would you do if . . ." questions which are already ruffling the electoral plumage of the Conservative party.

Reasonable that reply may be, but not politically adequate. After all, the electors' most recent and vivid recollection of life with the Tories is the three-day week and the backfire election of February 1974. It happened all right then. A mere whisper again, that it would not happen again, is not enough. So Mr Thatcher has now sketched out a defence in depth. I won't come to that, but if it does, we shall let the People Speak to that their Will shall Prevail, perhaps through the amplifier of referendum; for a referendum has the advantage over a general election that it can isolate the crucial issue.

It is quite an effective reply. It has a democratic ring, it addresses the people in the robes

ivate lending libraries

day I, therefore, seize the opportunity to put forward a proposal

ished prices and yet sufficient to ensure the economic viability of the project to its promoters. It is an essential feature, of course, that the author's recognition and payment of an author's lending right, which in itself would be a giant step forward in the campaign for the senior British publisher is over 50 years' experience in the "reading public" to ensure the restoration of the author's lending library (as here rightly outlined) would be welcomed by the majority of readers; it is welcomed readily in more books sold (giving in more books sold) and above all the authors and publishers and the square they so avidly seek and so deserve. I further believe it is eminently practical, timely and potentially profitable and I need it heartily—
Doubtless the aim of the Report

There was some confusion about the likely context for a referendum, attributable perhaps to Mrs Thatcher's choice of occasion for launching the idea. She was at pains throughout the interview to emphasize that any future confrontation of the sort political memorabilia well upon would not, so far as she is concerned, be confrontation between union and government, but between union and fellow-workers or union and the public at large. If it were the miners in the ring, it would be the National Coal Board in the opposite corner, with the government minding its own business in the auditorium. If the miners tried the whip hand, it is not on the government's back that the whip would fall but on the consumer's because of higher coal prices or because no coal was being dug because the miners were on strike because of pit closures because of inability to sell coal at the higher price. But if that is the doctrine, it is hard to see how a referendum comes into it. In referendums governments seek a special authority to do this or that. But, ex hypothesi, the government has no part to play in such a situation. The dispute is classified as one between the miners and the general public

Once the constitutional barrier to referendums has been lowered, as it has been in Britain by the Ulster border poll and the EEC vote, diverse occasions will be found to justify their use. But there is one market which will never wear out. Governments, unless they are indifferent to the result (as might be the case with local option in Wales, for instance), will want to be pretty certain that they have the thing sewn up before they try it. And they cannot very often be sure of that, especially as referendums do not isolate an issue as neatly as theory proposes, always having about them something of a general vote of confidence.

The closed shop agreement in the shipbuilding industry that we published details of last week is only the latest example of a marked and regrettable trend in this public sector. It comes only a few months after the shipyard was nationalized, and it does not appear that any important concessions have been gained in return from the unions involved. There is little reason to expect that the agreement will have any beneficial effect on the efficiency of the industry.

Sometimes a closed shop can simply collective bargaining by reducing the number of voices in the workplace and by creating a climate with and making rival opinions less easier to outbid one another in militancy. (That is not to say that these convenient factors for employers and unions justify the injustices that individuals may suffer.) Gains of this

Shipbuilding is in an unhealthy state throughout the world, oversubsidized by governments, with too much capacity chasing too few orders. Nationalization in Britain does not affect this long-term need for expansion involving the closure of yards and smaller work-force. The industry has received state aid worth £400m in the past ten years, but productivity remains low: building a standard bulk carrier at Govan, for instance, takes about 500,000 man hours. In Korea or Japan the same ship would need only about 400,000 man hours. Differences in equipment account for some of this disparity, but restrictive practices are also a factor in the main. The shipyard workers wanted their industry nationalized and they wanted the closed shop, and they have been given both. But neither will secure the prosperity of an industry that cannot eradicate its own ingrained inefficiencies.

Health Service cuts

Let any of your readers should think that this is a fair portrayal of conditions in the NHS generally, may I point out that within Hackney Hospital there are some 1500 patients, most of them suffering from cancer, and the medical oncology unit, financed by Professor Hamill, a fairer who was so tragically killed. The City and East London Area Health Authority (T) wish to emphasize that the shortcomings Hackney are known to. In connection with the CHC we have examined every facet of the service from its buildings and considerable improvements have been made. The report does not explain that since 1974 at least 120 psychiatric beds have been provided in the East London Health Authority. The new building away from Hackney Hospital would start in 1979. Doubtless the aim of the Report

Summing up of the true position is:
The trouble with the over-emotive

Union discipline

from Mr J. S. Chaloner. The central point of Sir Frederick Catherwood's letter (September 15) is that the power of a trade union over its members is limited. Why should this be so? Why, if a union instructs its members, who are taking an unofficial action, to conform to the union official line, and this is refused, should the union not recognize that these members have terminated their membership and act accordingly? In short, take their cards off. The employer then has the right, indeed under closed shop no alternative, but to dismiss them. They might then be re-employed after giving certain undertakings. It is because this basic discipline no longer in employers' hands, because of the acquiescence by the unions, who are not discharging it, that we are in trouble. For unions to have control of the employing criteria while shrinking from asserting even their own authority when this is challenged often to the detriment of thousands of other union workers laid off by inordinate action of a minority is wholly unacceptable. Yours faithfully,
J. S. CHALONER, Chairman,
Synonym Press Group,
Ecceleston Square, SW1.

P. R. BINGHAM, Manager,
Lloyd's Intelligence Department,
Lloyd's of London Press Ltd,
Sheepen Place,
Colchester,
Essex.

Amsterdam, aboard a very well-run Dutch

from Mr Richard Taylor

South African theory

impression that I had some responsibility for this theory. Since I have

Energy from the Severn

om Mr W. W. Williams
; Would it be beyond the wit o
politicians to finance a Severn
rriage scheme (long term benefits
in the bonanza of the short lived
North Sea oil harvest?
urs,
W. WILLIAMS
a Bogha,
pan,
gyll.

This short statement lays bare the Times view about how society should be ordered, for what you are really saying is that moral principles should be applied to the order that must be ordered must be subjected to neo-classical economic notions of how the economy works. Opposed to this position are those who believe that moral principles about how society should be ordered must take precedence over economic considerations.

Many people argue that the minimum rates of pay laid down by wages councils are so low that

Pay at music colleges

Supporting Germany Indians wartime films, with rebooted Gesto villains rising

In all the 25 years that I have been concerned in and about Germany's current struggle against the evil Baader-Meinhoff. And p

Anglo-German relations I cannot imagine a time in this country when there seems to be more widespread and genuine sympathy for the Germans in their predicament than this particularly brutal attack on the Reichstag. I am for example, a leader in today's *Daily Express* (which, not so many years ago, was incapable of hearing the word "German" without—like Winston Churchill—reaching for its stick).

"...we all owe it the decent, humane men who have ruled that country for the past three decades judge her for what she is now." Quite so. And this is surely where today's "friends" could help her in practice. It sounds there not now a stronger case than ever before for the film makers and "media" (always the worst offenders) to cease that constant outpouring of cowboy-and-

is a struggle with the utmost significance for the rest of Western Europe.

I am, Yours, etc,
ALISTAIR HORNE,
Garrick Club, WC2.

'Enigma Variations'
From Mrs Dorothy R. Wagner
Sir, Mr Peter Jackson's letter (September 14) reminds me that before the War I heard a record of Galli Curci singing *Way Down up the Staircase River* accompanied by the cellists, I think, Suggia plerdy Dvorak's *Humoresque*. It sounds very pleasant.

Yours faithfully,
DOROTHY R. WAGNER,
Bethel Orchard,
Ashmstead,
Reading.

ten years ago there was a plan to industrialise the shores of the Lake; five years ago a plan to use it as a settling pond for the polluted Tiber water. Roman good sense has prevailed against both these threats as we cannot doubt it will prevail against the present one: we understand that the German College in Rome has sold Vicarelli to the developers.

Vienna has its Wood; Paris its Fontainebleau; Brussels its Soignes; London its Epping; Rome has more than any of these. Rome has the miraculous Bracciano-Tolfa, its dangerous to meat threats pieced meal. May we endorse that suggestion, which has hung for four centuries now, of a European Conference on the Protection of the Recreational Landscape near Large Cities? Experience could be shared and the merits, if any, of quite uncontrolled development compared with those of careful and controlled development. The Council of Europe could take the lead?

Yours faithfully,
WAYLAND KENNET,
JOHN BETJEMAN,
JENNIFER JENKINS,
DAVID PEARLS,
SILVIA RODGERS,
PETER TAYLOR,
MICHAEL SHANKS,
J. P. STERN,
BERNARD WILLIAMS.
100 Bayswater Road, W2,
September 13.

These are problems which, if dealt with in isolation, could lead to con-

There is, however, one measure which could help to alleviate all these problems. That is a major reduction in direct taxation. I would not be price inflationary which would be the case if there was a wage explosion. It would be a wage explosion. It would be an incentive to greater effort. It would stimulate demand, and thus production and employment.

Now that the sun is shining a little more brightly, a substantial cut would reduce the massive burden of direct taxation which we use to step further towards prosperity.

Yours faithfully,
DEREK EZRA,
Chairman of Council,
British Institute of Management,
Management House,
Park Lane, W.1.
September 15

But time has moved on. Let us, then, give media where it is needed.

last week. Where was his husband? Was he in TV? Coverage last week was poor. If surely made comments at Lytham last week. The suggested British and Irish counter-attack on Saturday afternoon which really ought to have put something back into the faint hearts who go on moaning about the state of British professional (could hardly have been given better television treatment. For BBC and ITV, between them, to have been able to bring to millions in a single season, the unforgettable Watson-Nicklaus duel to Turnbull, and then this splendid counter-thrust at Lytham last Saturday. Well, it is a mild odd the exemplary conduct and good manners of Watson and Nicklaus (in defeat), leaves golf with an inconceivable gain.

It is worth pausing for a moment now to think about the effect which such marvellous television will have upon the next generation of British and Irish golfers.

Yours faithfully,
B. LUCAS,
3 Onslow Square, SW7.
September 18.

from Miss Heather Harvey
er, whose leg does Mr Tom Bais-
w (September 16) think he's pull-
g? Has he ever tried to slice a
aggie pie? (It would be as easy to slice
brun pie or a sandbag.) As for fry-
g it for breakfast, the only chari-
table conclusion—if the leg-pull
xplanation is not correct—is that
e ignorant man is confounding
his pudding with haggis.
ours faithfully,
HEATHER HARVEY
1 Pelham Place, SW7.
September 16.

هَكَذَا مِنْ الْأَهْلِ

N Sea fortune
telling, Hugh
Stephenson,
page 18

Fresh setback for Leyland as 9,000 strike at bus and truck factories

By R. W. Shakespeare

More than 9,000 workers at Leyland's bus and truck factories and a week's holiday today to begin an all-out strike against pay demands, bringing to a standstill one of the state-owned company's most profitable divisions.

Leyland has already suffered a loss of production because of a strike by 12,000 workers at its plant in Luton, which would mean a 36-hour working week (at present 40) and could give workers every alternative week off.

An unofficial committee representing toolroom workers in the car plants poses a further threat to Leyland's rationalization plans. The toolroom men, whose committee met at the weekend, are seeking a strengthening of their position outside the present wage bargaining machinery, to press for restoration of differentials for skilled workers.

Leyland opposes this plan because it would fragment its wage bargaining structure. About 500 Leyland staff at the British Leyland factory in Luton, West London, will resume a series of two-day strikes today in support of a claim for new rates of £20 a week. Their stoppage has resulted in layoffs involving 4,000 shopfloor workers.

The strike and an overtime ban began last month after the Leyland staff refused a company proposal to negotiate a pay settlement within the Government's 10 per cent guidelines. The car factories are still recovering from the strike by the Lucas toolroom men which closed 14 component factories in the Midlands. This stoppage made 20,000 car workers idle and halted production of more than half of Leyland's car models.

Jaguar car production reports at Coventry today with about 2,000 men recalled from the plant. The Leyland staff at the Luton plant will resume work tomorrow. The Leyland staff at the Luton plant will resume work tomorrow.

The Leyland staff at the Luton plant will resume work tomorrow. The Leyland staff at the Luton plant will resume work tomorrow.

The Leyland staff at the Luton plant will resume work tomorrow. The Leyland staff at the Luton plant will resume work tomorrow.



Mr Pycroft: "Not just a marketing play."

Air charter group to join fares battle

By Derek Harris

Commercial Editor

Jetsave, which holds about 40 per cent of the advanced booking charter (ABC) market in the United Kingdom, is planning to intensify its transatlantic air fares fight next year with a series of "not just a marketing play" tactics.

This compares with the Laker Sixtyr London-New York return of £125 and the scheduled airlines' stand-by fares of £149 for the same route. Mr. Pycroft, Jetsave's chairman and managing director, who pioneered ABC flights in 1962, said the company has built an operation with an estimated turnover of £18m.

He said: "We have to decide the detail of the operation and this particular fare of around £100 may be offered to those going on longer duration trips. But there will be many other elements of this fare on offer and there will be comparable reductions to other destinations."

Mr. Pycroft is planning the move for the season starting next April, even though he believes the present fares battle will not affect the charter sector of the market "to any significant degree". But everything hangs on whether the Sixtyr line will open up a new market of travellers, such as young people, or take business away from the traditional ones, including the ABC sector.

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Developing nations pressing for bigger financial backing to expand lending in 1980s World Bank faces critical talks on capital

By Melvyn Westlake

Intensive discussions will take place in Washington during the next few months over the future role of the World Bank and the amount of money that it should have at its disposal to support the international development effort in coming years.

Many of the Bank's top officials now appear to want to take a stage further the radical change that its lending policies have been undergoing.

But, if a further sharp expansion in lending to the Third World is to be assured into the 1980s, a big increase in its capital must be approved by the shareholders of the Bank.

The size of any such capital increase is certain to be a central issue at the joint annual meeting of the World Bank and its sister institution, the International Monetary Fund, to be held in Washington later this month.

The directors of the World Bank, representing its member countries, have given themselves a deadline of June 30, 1978, to reach agreement on the size of the capital increase.

However, the issue of a capital increase is inextricably tied up with the whole direction of the Bank's lending policies. As the World Bank says in its annual report published this morning, the often unprecedented economic growth achieved by many developing countries in the last decade has not necessarily resulted in an improvement in the plight of their poorest people.

It cannot be assumed that the so-called "trickle-down" process, by which the poorest people should benefit from growth, will automatically take place, the report says.

This discovery has increasingly led the Bank to focus its attention on more controversial projects to help the poorest rather than continue to concentrate on the kinds of projects that have guided its lending in past years.

But recommendations like that in its latest annual report for an acceleration of changes in Third World land tenure and social structures, which flow logically from the Bank's new policies, have not made the Bank universally popular among developing countries.

At the same time, its request that the rich countries provide it with a bigger financial backing is likely to meet resistance from some quarters.

Like the IMF annual report, published earlier, the World Bank's report appears rather optimistic about the international economic scene than in the previous three years.

The report says that many of the higher-income developing countries have survived the upheavals of the mid-1970s reasonably well, and their economic growth rates have been less affected by these events than the growth rates of the industrialized nations.

However, the very poorest Third World countries, have suffered worst of all. Only improved harvests in this latter group of countries have got them through the recession years of 1975 and 1976.

The higher-income Third World nations which depend more heavily than the poorest on oil imports and international trade, were acutely affected by the higher petroleum prices and the world-wide recession.

But most of these nations were able to borrow heavily in the international capital markets and were able to make internal adjustments, adopting tougher fiscal, monetary and pricing policies, the World Bank report says.

These necessary adjustments should help many developing countries—especially those already well advanced and growing rapidly—to face the years ahead with sound prospects for continued growth.

For the poorer countries, however, especially those caught in the "downward spiral" of poverty, past adjustments and improved economic management are insufficient to meet the challenge of alleviating poverty.

Therefore, high levels of aid from the rich nations will continue to be needed, the report says.

The report shows that the World Bank, together with its affiliate, the International Development Association, which lends on especially easy terms, and the International Finance Corporation, which invests in private enterprises in the Third World, increased their lending and investment commitments to \$7,273.5m during the financial year ended June 30, 1977.

This was \$396.1m more than in the previous year. The World Bank itself made 161 loans amounting to \$5,753m to 54 countries, which represented an increase in money terms of \$782m over the previous year.

The IDA committed \$1,308m on 78 projects in 36 countries. This fall resulted from the fact that the exchange rate changes had reduced the amount of money at the IDA's disposal.

The annual report also shows that the total foreign debt of 84 developing countries reached a staggering \$173,512m by the end of 1975. This was 17.7 per cent up on the level of indebtedness in 1974. Debts owed to private commercial banks alone rose by 42.4 per cent to \$40,557.7m.

Further, the poorest countries, it seems, do not have the political influence in the World Bank that the more advanced developing countries have.

Finally, the bank itself has not done enough to promote special projects directed at the very poorest. For example, the total amount of bank lending for population and nutrition projects last year was less than the bank's lending for one polyester plant in Romania.

Frank Vogl

Frank Vogl

Frank Vogl

	GNP PER CAPITA GROWTH RATES, 1950-75 (Percentages)			
	1950-60	1960-70	1970-75	1950-75
Developing countries	2.8	3.2	3.0	3.1
South Asia	2.7	2.5	0.5	1.8
East Asia	3.3	4.0	4.8	3.9
Africa	2.4	1.6	2.1	2.0
Middle East	5.0	4.4	6.4	5.0
Latin America	2.1	2.5	3.7	2.8
Developed Countries (1)	3.0	4.1	1.9	3.2

(1) OECD countries, excluding Greece, Portugal, Spain, and Turkey

	GDP GROWTH RATES, 1974-75 (Percentages)			
	1974	1975	1976	1974-76
Developing countries (including capital deficit oil-exporting countries)	6.8	4.3	5.9	5.1
Developing countries (excluding capital deficit oil-exporting countries)	6.4	3.9	4.9	4.4
Developed countries (1)	0.1	-1.1	5.3	2.0

(1) OECD countries, excluding Iceland, Greece, Portugal, Spain, and Turkey.

Frank Vogl

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Frank Vogl

Frank Vogl

Frank Vogl

Government expected to xpected to xpected to

By David Blake

Economics Correspondent

Mr. Healey, the Chancellor, sets off tomorrow for a round of international economic meetings, leaving behind him the growing belief that there will be a mini-Budget later this year designed to stimulate the economy.

Cuts in taxation together with some increase in public spending, particularly that designed to provide jobs directly, seem likely to be introduced in an effort to increase growth and prevent the rise in unemployment which the Treasury is predicting on the basis of its economic forecasts.

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Autumn Budget to boost economy likely

By David Blake

Economics Correspondent

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Mersey dockers accept 5 pc rise

By David Blake

Economics Correspondent

Merseyside dockers have fallen into line with other ports when they voted to accept a 5 per cent pay rise in accordance with phase two.

The meeting, at Liverpool Stadium, was attended by about 5,000 of the 7,000 labour force, and their decision lifted the threat of a port strike.

Mr. Denis Kelly, chairman of the Mersey dock shop stewards, said: "The men decided to fall into line with other ports in the country, and this is the only sensible way."

Had there been an unofficial strike, which was originally mooted, I am sure Liverpool would have supported it.

Liverpool was the last port to vote on the pay issue after the unofficial national dock shop stewards' committee voted to withdraw the threat of strike action.

UK trade mission to the Yemen

By David Blake

Economics Correspondent

A United Kingdom trade mission is to pay an 11-day visit to the Yemen Arab Republic on October 29. Organized by the London Chamber of Commerce and Industry, it will coincide with discussions taking place in the Yemen on purchasing requirements for the next development plan.

Direct trade with the Yemen is small—United Kingdom exports totalling only £9.8m in the first half of 1977—but the chamber believes that opportunities may be expanding.

In the past 18 months there has been a large increase in imports, particularly from Japan, West Germany and China.

Turner & Newall is to expand its activities in Nigeria in new

Grand Central stake in Johnson & Barnes

By David Blake

Economics Correspondent

Grand Central Investment Holdings has acquired from Mr. Lerner and associates 574,000 ordinary shares—about 29.9 per cent of the equity—in Johnson & Barnes at 14 3/16p per share.

Mr. Lerner is retaining 390,700 shares (20.35 per cent) in the company with which he will remain as a director.

Reports that ICI and Phillips Petroleum are considering a £280m doubling of their joint refinery's capacity on Teesside were received last night by ICI. There is speculation that the partners are considering the expansion to cope with the flow of crude oil from the Nimin field next year in which ICI has an 18 per cent interest.

The field will make a substantial contribution to the company's requirements for fuel and hydrocarbons.

On other pages

Appointments vacant

Business appointments

Diary in Europe

Financial Editor

Financial news

Letters

Weekly share prices

Bank Base Rates Table

Annual Statements

Avana

British Electric Traction

Company

Caledonian Trust

Christopher Moran

Louis Newman

Interim Statements

Sabcock & Wilcox

Royal Dutch Petroleum

Toxicide

21, 22, 23, 18, 24, 23

17

21

22

22

22

22

22

22

22

22

22

22

22

22

22

22

22

22

22

22

22

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AVANA GROUP LIMITED

The Annual General Meeting was held on 16th September 1977, and the accounts for the 53 weeks ended 2nd April, 1977, were adopted.

	1976/77	1975/76
Turnover	£23,637,801	£18,019,122
Group Trading Profit	£2,384,285	£1,621,479
Group Net Profit before Tax	£1,704,335	£1,007,362
Group Net Profit after Tax	£827,613	£476,205
Group Fixed Assets (less Depreciation)	£4,914,917	£4,525,773

In his Statement the Chairman said:—
"Sales increased 30% over the previous year and the results for the year are indeed gratifying."

"Our business now has a greater strength than at any time in the past as we have a wider spread of product interests."

"The Group has a considerable potential to be exploited from its reorganised and successful base in the Board's intention to develop all opportunities whilst retaining its independence."

JULIAN HODGE, CHAIRMAN
A copy of the Company's accounts may be obtained by writing to The Secretary, Avana Buildings, Cardiff CF1 7YH.

Is the building suitably located for our key staff?

Will the floor support our latest computer?

Are canteen facilities included?

Will the air conditioning allow maximum flexibility of partition layouts?

Are we paying too much?

For advice on the many problems associated with the acquisition of new premises, whether large or small.

Edward Eram on

Projected trade surplus of £8,045m proves embarrassment to the Government

Japanese fearful despite booming economy

From Peter Huxford

Tokyo, Sept 18
A staggering trade surplus, a low rate of unemployment, moderate inflation, industrial harmony and an almost embarrassing excess of foreign exchange reserves.

Most industrialized nations might be content with this sort of booming economy. But the Japanese, conditioned to years of magical growth, believe they are still in the midst of an economic recession.

Almost every day the main Japanese newspapers remind their readers that the nation's economy is still in the doldrums. Much space is devoted to sombre headlines such as "The Bank of Japan pessimistic over recovery" or "The economy faces a thorny and dark path".

But in comparison to the problems of many industrialized nations in Europe, Japan's economy is healthy and booming.

Much to the embarrassment of the Government, projections suggest that Japan will achieve a staggering trade surplus of £8,045m at the end of the fiscal year.

In turn this surge in exports will provide the country with an estimated £2,735m surplus on its current account next March—belying the Government's earlier pleas that Japan might suffer a deficit of £402m on its current account this year.

Japan's foreign exchange reserves

have already surged to £10,158m this year—and the fund is expected to increase before the end of the year.

Certified exports in August surpassed £4,000m for the third consecutive month, with sharp increases in the sales of cars, machinery, and other industrialized plants.

At the same time workers in big car plants declared earlier this month that they will work during specified holidays to meet Japan's growing overseas orders.

Admittedly the increased value of the yen and rising costs accounted for the rise in Japan's export earnings this year, but equally so the new exchange rate has not led to an appreciable expansion of imports.

After keeping their foreign critics at bay with the cry of recession, the Japanese can, in fact, draw comfort from other economic indicators.

The introduction of a supplementary budget later this year is designed to provide the country with an annual growth rate of 5.7 per cent at the end of March and Mr. Takeda Fukuda, the Prime Minister, has indicated that growth will continue at a rate of 6 per cent over the next four years.

At the same time current trends indicate that commodity prices will be held to below 9 per cent this year—a level which will appease trade unions and diminish demands for higher wages next spring.

Japan's existing rate of unemployment—just under 2 per cent—is low

when compared with the plight of the world's two other big economic powers, the United States (6.5 per cent) and West Germany (4.7 per cent).

While the Japanese government is not confronted with a huge unemployment problem, officials argue that a level of 2 per cent is considered dangerously high in Japan.

A senior economic official said: "In reality we have a high rate of unemployment which undermines the economy. In contrast to the West, Japanese firms do not lay off workers when they face a recession. In many areas the economy is suffering because industry is maintaining idle workers on the payroll while operating under capacity. This has led to widespread bankruptcies."

Without doubt many of Japan's important industries are in decline. While car producers and electronics prosper, textiles and the shipbuilding industry are suffering the pangs of a worldwide economic recession.

"It is a crisis. What happened to Lancashire is happening to us now," Mr. Hiroshi Nishikawa, the executive director of the Japan Spinner's Association, told journalists recently—as it became apparent that industrialized nations have been undercut by low wages in the textile industries in Hong Kong, Korea and Taipei.

Like Europe and the United States, Japan can complain of economic recession.

in textiles, but the government cannot plead poverty in shipbuilding.

At present Japanese shipyards have three times as many orders as competitors in the West—mainly because of Japan's reputation for high productivity and low costs.

In Japan's annual domestic demand is sluggish. And yet department store sales in July recorded a level of £1,100m in July—an 8.5 per cent increase over the same period last year. The sales of self-service supermarkets amounted to £370m, a rise of 30 per cent.

Japan's pessimism, coupled with an attempt to stave off the West's demands for a greater share of the country's sophisticated market, and an obsession over foreign exchange reserves, can perhaps be traced to a feeling of isolation—and the immediate postwar days of poverty.

This lack of confidence is summed up in the words of Mr. Takashi Hosono, the adviser to the Industrial Bank of Japan, when he made an emotional plea for the retention of American scholars and diplomats recently: "If trade were completely cut off, the 110 million people of this group of small islands would perish in a very short period of time."

Japan is probably the only major nation in the world for which the bleak prospect has a certain touch of reality.

LETTERS TO THE EDITOR

Supply and distribution of engineering graduates

From Mr Robert Taylor

Sir, At the present time there appears to be some concern amongst a number of groups for the current and future prospects of the engineering profession. Recently the findings of the British Association's study were published and several months ago a government inquiry into engineering finally materialized.

The British Association report, like others before it, discussed its own policy recommendations to the supply of new engineers, with particular emphasis given to increasing the number of students undertaking to read engineering at university.

Within their frame of reference, I would suggest that this is indeed an area where most fruitful influence could be exercised over the supply of engineers, for, contrary to a number of reports which have appeared, the proportion of "loss" of engineers on leaving university and the bias shown against industry, I suggest, this aspect of the supply process probably requires much less concern.

In a questionnaire survey I conducted amongst the final year engineers at Imperial College several months ago, neither in the jobs they had chosen nor in the attitudes they expressed was any strong disaffection with industry in general or manufacturing in particular to be found. Only 12

per cent of the students expected to take non-engineering jobs, most of the others entering fields of engineering corresponding to their particular departments. Just over half of the students entered private-sector industrial firms, the majority of which were manufacturing enterprises.

This does not indicate a bias against industry, for only about half of all chartered engineers are actually employed in private sector organizations.

When asked about their preferred type of employers, students showed positive favour towards private industry, with disaffection most strongly directed at public sector employment. Students from several departments were asked if, given the choice between working for a manufacturing or non-manufacturing enterprise, which they would prefer: 32 per cent preferred a manufacturing, 12 per cent a non-manufacturing enterprise, and 56 per cent "didn't know" or "didn't mind".

There has been a weakness in several previous reports to consider only the sector of employment, without regard to the kinds of work they undertake or to the fact that

engineers are now employed in a wide variety of settings. While engineers employed in the "wealth-producing" manufacturing sector may contribute most directly to the well-being of the national economy, I would suggest that engineers employed, for example, with the Post Office, the transport services, or on local government construction projects, play an equally important role in our society, albeit more indirectly.

The results from my survey are only suggestive, because Imperial College engineering graduates are probably not typical of those from other British universities. Nevertheless, they indicate the possibility of engineering education as a whole, and less concern about the distribution of the output of engineering graduates than has previously been intimated—by particular sectional viewpoints, particularly those of engineering universities, come up to a greater extent, to the example of Imperial College. It is a concern over the magnitude of the supply of engineers, as the British Association report suggests, that arguably may be more justified.

Yours sincerely,
ROBERT TAYLOR,
Imperial College Unit,
Imperial College of Science,
Technology and Design,
52/53 Prince's Gate,
London SW7 2PG.
September 14.

Misplaced fear that a stronger pound means a flood of imports

From Mr B. H. Marcuson

Sir, In the current debate on exchange rate policy, there seems to be an unwarranted assumption about the elasticity of demand for imported manufactures, and a misplaced fear that a stronger pound will lead to a flood of imports.

The big rise in the volume of imports of manufactured goods evidenced by the recent Treasury statistics occurred despite, and perhaps because of, the drop in the external value of the pound. Imports tended to plan their purchases in the context of a continuously rising market confidence that stocks were better than cash, especially with the ever-present threat of import controls.

With the stronger balance of payments the threat of comprehensive import controls is

receding, and it is the pound were to be allowed to appreciate sharply in response to market forces, importers might think twice about stockpiling in a falling market where inflationary expectations were less strong than hitherto. The deflationary effect of a strong pound on imports of food, raw materials, and semi-manufactures could be dramatic as the Stock Exchange has already sensed, while decisions concerning purchases of manufactured goods from abroad might well be made more cautiously, particularly if the money supply is kept under control.

Yours faithfully,
B. H. MARCUSON,
Managing Director,
Greenhill & Ellis (Eastern),
Limited,
Rothschild Court,
St. Helier Avenue,
Surrey, SM4 6JT.

Road system to blame?

From Mr Andrew Warren

Sir, On September 12 you printed an excellent article entitled "How M4 brought Ford to Bridgend". Three days later Mr Howard, the former planning chairman of the GLC, writes to condemn the failure of London to secure this new £180m scheme.

But in his catalogue of reasons, he omits to consider that

London's failure to invest in an equivalent modern road system is surely deterring much-needed industrial investment. Why?

Yours faithfully,
ANDREW WARREN,
Secretary, Movement for London,
26 Manchester Square,
London W1M 5EP.
September 15.

Scottish method of house purchase

From Professor A. J. Eccles

Sir, The buyer cannot withdraw without liability if these and other conditions are met—neither can he. His house will soon be on the market and will probably be sold at a quick price. There is no chain break-down since his sale is a consequence not a condition of purchasing our house. This feature encourages buyers to be realistic about their assets and liabilities, and to organize them before they become committed to a purchase.

Contrast this with our present London experience where we agreed to buy a house three weeks before putting our Scottish home on the market. The official search still continues and contracts have yet to be exchanged although everyone is doing their energetic best under the handicaps of the English system. I hope that neither the seller nor ourselves have anything more than honour between us. Both parties are in a form of the prisoner's dilemma. Should he not keep other buyers on the boil in case we withdraw? Should we not negotiate for other houses in case we are gumped?

The Scottish system is unambiguous, secure, cautious and properly effective. It does not encourage and vitally eliminates insecurity and casual cancelling of agreements. The English system positively induces fear and great trepidation, especially in the latter part of the process. It is the Scottish system is poor then why would anyone explain why its logic is an illusion and why Scots are wrong to regard the English system as woefully deficient and devoid of compensating advantage?

Sir, I was gratified by the significant response my letter "Procedures for buying property" (July 25) prompted in your columns; incidentally the same subject spilled over into The Observer letter columns the following week.

Mr Graziani (August 2) mentioned the North American practice of a printed form of contract being presented to a prospective purchaser before he is asked to sign and seal. This seems to me a much more positive and sensible procedure than the usual word-of-mouth agreement, and his point should be considered over here seriously.

The correspondence has, however, turned full circle with the publication of Mr Moss's letter (September 12). It is simply not true that the

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Target set in Tokyo Round talks

From Alan McGregor

Geneva, Sept 18
America and the European Community are agreed that a clear blueprint must be on the table within four months in the long-drawn-out Tokyo Round negotiations, which begin a decisive phase tomorrow.

This will enable negotiators to assess whether the high hopes with which the Tokyo Round was launched four years ago are still substantially realizable despite the uncertain economic prospect facing most countries.

While this makes it more difficult for governments to take long-term decisions, most of the main trading nations seem to agree with the General Agreement on Tariffs and Trade—which is overseeing the negotiations—that further liberalization with expanded markets is the only effective counter to the rising wave of protectionism of which Gatt gave warning in its latest annual survey.

According to Mr. Alonso McDonald, newly-appointed head of the United States delegation, they hope to have agreement on a tariff formula within 30 days.

The Gatt estimate is that disruptive measures introduced in the past two or three years now affect between 3 and 5 per cent of world trade.

Cheap marine insurance dilemma faces London underwriters

From Daniel Stuart

Monrovia, Sept 18
Although the security of policies issued in the London market has brought the return of some marine insurance business from markets which have been prepared to undercut it, shipowners are still prone to the attractions of cut price insurance as they examine every conceivable way of reducing their operating costs.

The length and heverity of the shipping depression is the lynch-pin in this dilemma for underwriters who have gathered here from all over the world for their annual meeting under the auspices of the International Union of Marine Insurance.

Shipping, and therefore marine insurance, is a boom and slump business, of course, but in previous postwar downturns underwriters in the traditional markets, such as London, have never had to face the pressure they do now from markets and companies which put investment income before underwriting profit.

Indeed, some of these markets never existed until a few years ago. Some of them withered from the scene after sharing in some disastrous losses in 1975 and 1976; but sufficient remain to make the going tough for everyone.

Despite a hardening of attitude in the London market this year, hull premium rates are

still too low, and the 65 or so London underwriters who are in Monrovia, the largest contingent among the total of 600, will undoubtedly vote for a reduction during this week's conference.

Heading the London delegation is Mr A. E. Mann, chairman, Institute of London Underwriters, and Mr J. A. Oliver, chairman, Lloyd's Underwriters Association.

Mr F. E. Hunter, chairman, Liverpool Underwriters Association, will again present a comprehensive review of casualty statistics, which is expected to show that last year's record total of tonnage lost could be equal or even exceeded by the end of 1977.

Mr Harrison's study, based on extensive interviews with government officials and experts and others in Asia, the United States and Europe, differed from a more pessimistic Central Intelligence Agency report in June on China's oil potential.

But it agreed with United States government estimates that China would need most of its growing oil production domestically and was not likely to become a major oil exporter, except possibly to Japan.

Mr Thomas Hughes, Carnegie Endowment president and a former chief of the State Department's intelligence staff, said the Harrison report showed why China's growing offshore oil capability "could foresee shadow significant clashes of interest with neighbouring countries, affecting in particular the future of Taiwan and South Korea."

Ekofisk gas flow to Emden starts

Deliveries of the first Norwegian gas to Europe through the 440-kilometre pipeline from the Ekofisk field to Emden in West Germany began at the weekend. Initially the gas will flow through the pipeline at a rate of 20-25 million cubic metres a day, building up to about 60 million cubic metres daily.

The pipeline is owned by Norpipe.

Chinese oil potential seen as brighter

Washington, Sept 18—China

has embarked on a major offshore oil development and has a "better than 50-50 chance" of reaching its production goal of eight million barrels a day by 1980, according to a study published by the Carnegie Endowment for International Peace, and written by Mr Selig Harrison, an expert on Asian affairs.

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In warning of possible trouble ahead among Asian countries with conflicting claims over the gas and oil resources off the China coast, Mr Hughes said the Carnegie Endowment study "is a necessary precursor to the inevitable conflict that it wanted to normalize its relations with China."

He conceded that if this were done, it would be another step toward the withdrawal of American recognition of Taipei.

The search for bases of compromise on offshore boundary issues between Peking and its neighbours is integrally related to the current oil controversy in the United States over how and when to proceed with the recognition of Peking as the sole legitimate government of China and the withdrawal of recognition of Taipei, he said. AP-Dow Jones.

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BP and Shell in bid for search rights in Brazil

Rio de Janeiro, Sept 18—Sixteen oil companies have submitted bids to the Brazilian government to explore for oil in Brazil, the national state oil company Petrobras has announced. The companies include British Petroleum and Shell Exploration Services (Brazil).

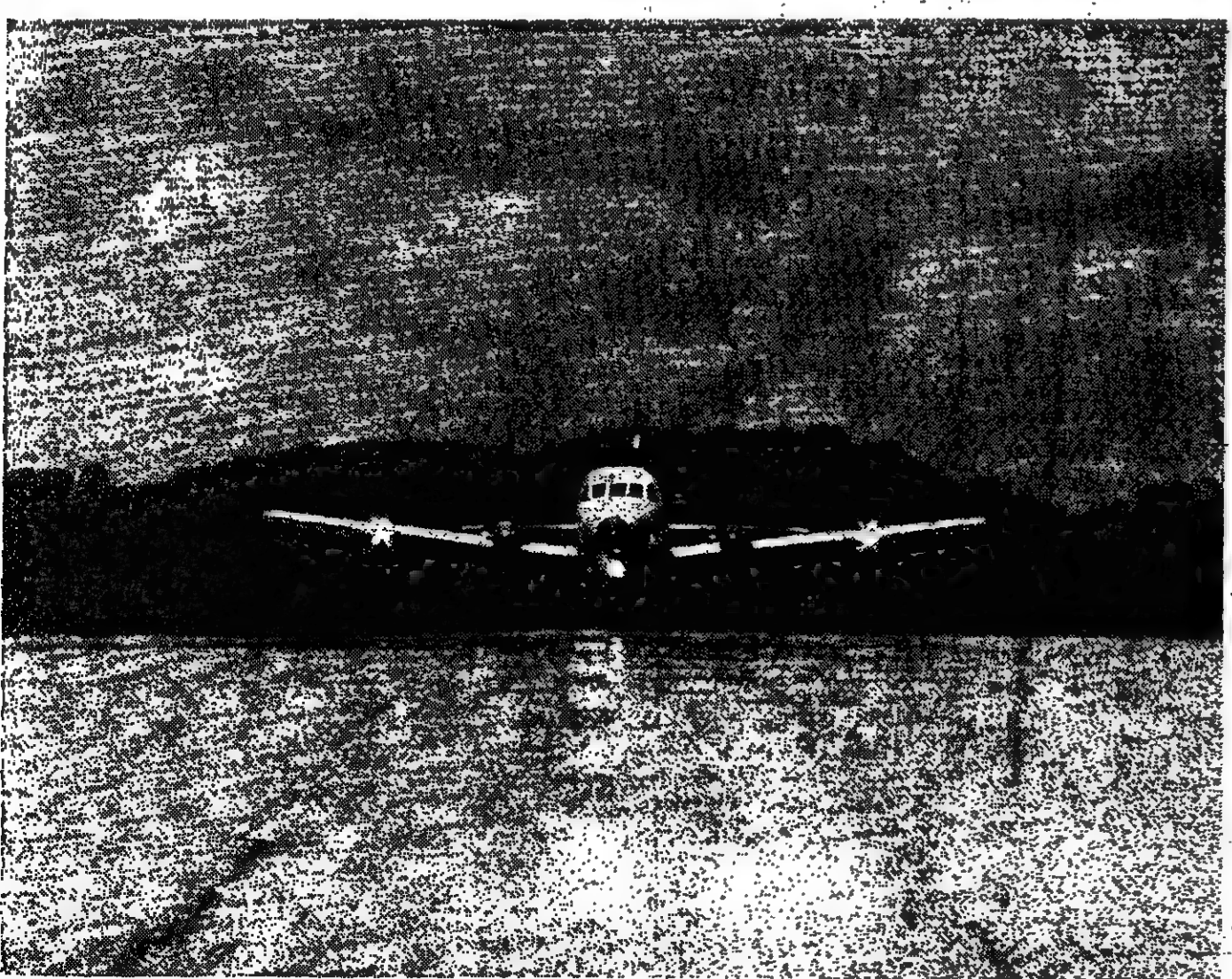
Petrobras will now study the proposals to decide which ones will be allowed to explore for oil in the 25 blocks in three designated offshore areas.

These are the Amazon River mouth's (where the Amazon flows into the Atlantic), the Santos basin (off the industrial state of Sao Paulo) and the Pelotas basin (off Brazil's southernmost state, Rio Grande do Sul).

Petrobras has supplied the companies with technical data on the 25 blocks up for bidding in these three areas. Each company paid \$250,000 (about £143,100) to take part in the bidding.

Brazil now imports about 80 per cent of the petroleum it needs. In 1975, this rapidly-industrializing nation reversed long-standing national oil policy which guaranteed monopoly on oil exploration to Petrobras.

Last year Brazil first allowed foreign oil companies to begin exploration for oil on a risk contract basis. AP-Dow Jones.



Brazil: an economy at take-off.

May we introduce you?

The aircraft in our picture was designed and made in Brazil.

Does it surprise you to learn that Brazil has an aircraft industry? If so there could be other gaps in your knowledge—and you could be missing vital business opportunities in the country which is tipped to be the world's next industrial giant.

Brazil's economy has reached take-off.

Last year the country turned out nearly a million motor vehicles, and 78,000 tractors. It has the only float-glass plant in South America. It is one of

the world's leading producers of cane sugar, bananas, edible beans, coffee and oranges. And in the Bank of Brazil it has Latin America's largest financial institution.

The size and importance of the Bank puts it in a unique position to introduce you to this vast market. We have all the facts at our finger-tips. We can help you with fiscal and company law. And we have a network of contacts in commerce and industry throughout the continent.

Call us soon.

BANCO DO BRASIL S.A.

BY THE FINANCIAL EDITOR

Realism for the new account

There was some profit-taking in last Friday's end-of-account stock market downturn, but investors were also taking notice of disappointing profit figures that have been feeding through in the past week or two. The market has been looking for corporate profits growth of around a quarter or a fifth this year, and a stream of results pointing to something less than this would be a justifiable reason for a pause in what has, in any case, been an excessively rapid run up in share prices.

So as we said last week, indications from companies like BSR and Reckitt & Coleman in the consumer sector and from Brian and GKN in the engineering sector suggest that the relative buoyancy of the first quarter has given way to increasingly tough trading conditions in the second.

That fits in with the evidence of a sharp fall in volume consumer turnover, which has been apparent for some months in the retail sales figures. It now increasingly appears that the domestic experience has been borne out in other leading markets.

The implications for the second-half of this year could be appreciable. The Bank of England in its *Quarterly Bulletin* last week highlighted the heavy stockbuilding (nearly £500m at current prices) in the first quarter, which it thinks could have been largely involuntary. Stockbuilding, it notes, was again large in the second quarter.

Its comments bear out the indications of recent banking figures, which show that in the first four months of the present financial year, lending to the private sector was growing at an annualized rate of 16 per cent. In short, the first-half of this year found retailers borrowing to finance stocks in anticipation of sales they were not able to make, and the process has been feeding back through to the manufacturers.

Since the retail sales figures, although better during the past two months, are not yet showing decisive signs of the long-awaited upturn, the probability is that the third quarter will see retailers and manufacturers progressively adjusting their stock levels to the prevailing, lower levels of business.

For companies in these sectors, therefore, the slowdown already apparent in first-half results could work through still more strongly in the second half. For those with a big domestic content the downturn may be short-lived, but for big exporters, suffering from a strong pound and relatively high cost inflation, trading conditions could be especially tough.

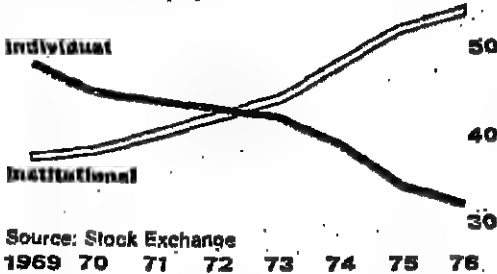
On a wide economic scale the effect could

also be significant. De-stocking should tend to halt the incipient rise in bank lending and the growth in money supply, freakishly low in the month to mid-August, should therefore receive little private sector stimulus during the autumn months.

The counter argument, of course, is that those who have anticipated growing up pressures on the money supply, have largely been looking away to the balance of payments surplus, foreign inflows and growing public sector demand as the source of any upturn.

AN INSTITUTIONAL MARKET

Percentage growth of institutional holdings in the equity market



One of the important benchmarks for the long-term health of the stockmarket will be the extent to which small investors are lured back into equities during this bull phase to provide the sort of two-way business that has largely disappeared in recent years.

Aside from a new stockbroker who claim to have heard a familiar name or two on the telephone, there have been few tangible signs of the small investor chasing his arm this time round—certainly jitters are still kept very short of stock. Although the number of bargains has managed to get back to within sight of the 33,000 recorded when the FT Index was last at present levels on one or two days this month, the average last week was still around a quarter below that of five and a half years ago.

Despite the acute financial strains of 1974-75, resulting in such notable casualties as Branda, which was forced to leave the listing, the Accepting House Committee (comprising the leading merchant banks) after heavy losses on property loans, and leaving a clutch of others from Slater, Walker and Keyser Ullmann to the smaller finance houses, as the walking wounded, merchant banks have by and large managed to maintain their high reputations.

The change now is that they are very much on the defensive. With competition mounting in from all directions many City observers have been predicting their eventual eclipse, paralleled by the growth of the foreign banks. In *banques d'affaires* or universal banks along the lines of their European counterparts.

One leading merchant banker summarily dismisses these suggestions: "People have been telling me for years that our days are numbered. Well, it hasn't happened yet, and frankly I don't see it." Even allowing for the fact that self-confidence is the merchant's stock-in-trade, this is a telling measure of the confidence in the City's financial institutions. They have shown a channel-like insouciance for altering the thrust of their business as circumstances change.

It was in the 1950s that they made the big push into corporate finance work. They have found a new game to play in the shape of the Eurocurrency and international bond markets.

And if these domestic style changes are not enough, the merchant banks have already started to look to the 1980s and begun to forge links with large overseas banks and generally to expand the international scope of their business.

For all their confidence, however, the stock market is still treating the sector with an icy reserve. True to form, financial issues have been among the worst performers in the last upsurge, but the most conspicuous

use the same figures to point out that a very strong upturn is little more than the mirror image of an equally strong industrial recession.

It is only possible for the trade balance and the pound to be this strong at the bottom of such a deep recession, it might be argued, then there is no chance even with the full benefit of North Sea oil of being able to return to anything like full employment while remaining a member of an even nationally open world trading system.

Economists can have little to say about this central question of whether North Sea oil is going to make a qualitative change to the behaviour of the British economy, and the reason is that the techniques of economic forecasting depend on past relationships between economic variables. They are, therefore, by their nature unsuited as instruments for analysing whether an apparently major phenomenon like North Sea oil is in fact going to be the cause of a major shift in trends. All we can do is to look at the picture in a much more piecemeal way.

This month's trade figures could be taken as warning evidence that North Sea oil is coming through exactly as anticipated and on time to remove for generation or more the traditional balance of trade constraint on the way in which the British economy has been run. Or, alternatively, you can

use the same figures to point out that a very strong upturn is little more than the mirror image of an equally strong industrial recession.

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It is already clear that there is no substantial direct way in which the flow of North Sea operations will automatically leave a lasting impression on the economy as a whole.

Property values in the Aberdeen area and some local effects on employment, particularly in the service industries, have already made themselves felt. But there is no evidence or likely way in which the mass of savings generated by the North Sea will by some magic wave of the wand become translated into new industries and employment to match that at present being lost by contraction or automation. It is difficult to see any automatically dynamic factor coming thus out of the North Sea.

The same applies to the direct relief for the balance of payments. We have always been led to suppose that when the British economy grows at much more than a rate of 3 per cent a year, for more than a few moments, bottlenecks and inflationary pressures appear, regardless of the state of the balance of payments. The industrial strategies of the past two governments

have been important. It must be doubted, however, whether they have been so effective as to remove this essential constraint on economic performance.

After the balance of payments benefit from the North Sea, however, will come the direct revenue benefits to the Exchequer, which by the end of the decade should be substantial. This holds out the possibility of correspondingly substantial reductions in the general level of taxation, or increases in public spending, or some combination of the two, over a period of many years.

It is inconceivable that such a shift in the character of central government finance for the next two or three decades should not be a dynamic factor in the economy. The element of faith has to be that the dynamic process will change existing relationships sufficiently in itself to make it possible and rational for a substantial part of the increased available demand to come through investment, private and public, and not just through consumption, private and public.

The change now is that they are very much on the defensive ... with competition muscling in from all directions ...

Which route now for the merchant banks?

GROWTH OF ACCEPTING HOUSES, DECEMBER 1967—FEBRUARY 1977

	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
	Deposits	Advances	Total	Deposits	Advances	Total
	Current	Current		Current	Current	
February 1977	2,611	3,583	6,194	1,045	1,611	2,656
January 1977	2,722	3,527	6,249	1,063	1,569	2,632
January 1976	2,270	2,822	5,092	957	1,363	2,320
January 1975	2,159	2,549	4,708	825	1,171	2,000
January 1974	2,522	3,035	5,557	870	1,211	2,081
January 1973	2,095	2,183	4,278	686	1,598	2,284
January 1972	1,621	1,616	3,237	459	1,393	1,852
March 1971	1,296	1,725	3,021	319	1,271	1,590
December 1969	1,155	1,291	2,446	285	811	1,096
December 1968	976	805	1,781	261	659	920
December 1967	827	638	1,465	238	429	667

ous lagard of all has been the merchant banking sector. So, despite rising almost threefold since the depths of early 1975, merchant banks are still only valued at a third of their all-time high five and a half years ago.

Yet, however well the merchant banks have come through the trauma of the past three years, inflation and the effects of sterling's depreciation on a deposit base three fifths of which is in overseas currencies, at a time when capital and reserves have good still, have seriously weakened those balance sheet ratios, limiting the ability to grow in the future.

Whereas the clearers have the option to make periodic rights issues, as all except Barclays among the big four have done recently, or even to make Eurobond issues, such an escape is unlikely for the merchant banks. For one thing, a bank's issues would dilute strong family or major shareholder stakes which still dominate the big groups; apart from which such issues would, as in Hill Samuel's case a few years ago, force them to reveal the true look of the balance sheet.

To judge from past glimpses, that would not be an altogether happy sight, since past transfers from disclosed to inner reserves have been nowhere near as high as once suspected and, in the damage of recent years, may be no more than a fifth higher on average than the disclosed level.

So, to buttress their balance sheets, merchant banks have to rely on occasional "property" revaluations, transfers from inner to disclosed reserves for the stronger ones, as with Morgan Grenfell last year to support its above-average deposits growth, or top-ups from parent groups, as Guinness Peat was prepared to make—none of which is really sufficient to handle the increasing scale of their present banking business.

One route has been to look

outside—there are Warburg's link with Banque de Paris et des Pays-Bas (Paribas) in London, Hambros hand from Prudential of America and, in a rather different category, Fraser's association with the German Lazard Group—but there is a limit to this unless the element of United Kingdom control is to be given up entirely.

The most deeply-rooted concern about the future of the merchant banks is not these internal pressures but the external ones arising from the growth of the competition in their traditional areas of activity and the limitations, their size places on their ability to compete with the overseas banks in London with huge deposit bases and branch networks.

From finance for capital projects to the Eurocurrency markets, the merchant banks are finding their limited capital bases too small to feed off the competition. In the Eurocurrency markets, especially, the merchant banks' standing as syndicate managers has declined steadily because of their inability to match the American banks in particular in terms of lending and placing power.

In corporate finance stockbrokers, too, have been trying to move into this territory. But the most suffocating competition could come from the clearers themselves, which in recent years have made a determined push into the merchant banking field. The under-lying reason for this has been quite simply that the nature

of the clearers' business has been gradually moving towards the areas in which the merchant banks' strengths lie.

Most important has been the clearers' desire to gain access to the wholesale money markets to supplement the sluggish growth of retail deposits. At the same time the changing structure of company debts, with the clearers shifting from overdraft to medium-term finance, has brought them into more direct competition with the merchant banks, whose forte has always been setting up medium-term lending syndicates and arranging acceptance credits.

Moreover, the clearers have become increasingly conscious of the fact that they should provide the whole spectrum of corporate financial advice, particularly as their branch network provides them with such a ready-made shop-window.

In data, however, the clearers' experience in merchant banking has been mixed. Midland is still widely believed to be sorting out the problems of its Samuel Montagu satellite; National Westminster's Country Bank has shown pedestrian progress as far as the balance sheet is concerned and its list of clients is a far cry from the blue chip roster many large merchant bank independents can sport.

Barclays Merchant Bank did, however, appear to take on a year ago when it captured the highly regarded Mr Charles Ball

from Kleinwort Benson. His abrupt departure, a fortnight ago, therefore, raises the question whether the clearers can ever fully supplant the merchant banks.

Mr Ball's *casus belli* was medium-term lending and his unwillingness to leave this important segment of the business to the less experienced branch managers. But it is equally clear that his actions were closely circumscribed elsewhere.

How much this is the fault of the Barclays structure, where areas such as fund management, foreign exchange and insurance leasing are tightly compartmentalized, leaving the merchant bank with a relatively limited scope compared with the other clearers' operations, and how much it is due to the inherent difficulties in fusing these two banking areas is something that only time will answer. Certainly, WestWest and Midland do not appear to have suffered in the same way.

What most of the clearers do seem to accept, however, is that many of the larger companies may still want an independent source of advice, so the potential conflicts of interest between the merchant banking and commercial banking sides of the clearers is likely to continue as a field for the independents to exploit.

The likely pattern for the independent merchant banks in the future is for them to expand their financial consultancy work, as for example Schroders has done so successfully, rather than aim for size in that already crowded field.

Increasingly, however, the merchant banks will have to extend their relationships with overseas banks to provide them with access to bigger capital resources.

In short, the debate over whether the merchant banks will be swallowed by the clearers is at best arid. What the whole banking system should be directing its attention towards is increasing its capacity for meeting the international challenge. It is disconcerting to see the American, Japanese and other overseas banks putting heavy pressure on the clearers in London—and the position internationally is no better.

Ronald Pullen

Tioxide

Statement of unaudited results for the half-year to 30th June 1977

Half Year to 30 June 1976	Half Year to 30 June 1977	Half Year to 30 June 1977	Half Year to 30 June 1977
£m	£m	£m	£m
17.51	18.58	External Sales: UK	21.29
30.10	45.98	Overseas	56.52
47.61	64.55	Total	77.81
10.88	8.84	Profit/(loss) before taxation:	
—	(1.00)	Tioxide Group	12.35
10.88	8.94	Associated company	(1.74)
5.34	4.85	Taxation: Tioxide Group	10.61
5.54	4.09	Minority interests	0.29
0.20	0.27	Profit after taxation	4.56
5.34	3.82	Profit attributable to shareholders	4.27

The value of goods exported from the UK including intra-group sales was £16.4 million.

Income and expenditure of overseas subsidiary and associated companies have been converted into sterling at the rate of exchange ruling at the end of each period. Changes in the sterling values of the Parent Company's interest in overseas companies, arising from exchange fluctuations, have been excluded from profits.

Since volume in the first half of 1977 was higher than in the same period of 1976, but the improvement has been below expectations. Profits before tax were marginally lower due to a loss in the associated company, which is in its first year of operation.

For the first half of 1977 the taxation charge consists of £3.03 million UK Corporation Tax (calculated at 52%) and £3.02 million Overseas Tax. The associated company loss is unrelieved for tax thus distorting the overall charge for the Group.

For the second half year, despite an encouraging start, profits are expected to be lower. Some reduction in the rate of loss at the associated company is now being achieved.

Tioxide Group Limited 10 Stratton St London W1A 4NP

Producing companies in Britain • Australia • Canada • France • S. Africa • Spain

INTERNATIONAL MANUFACTURERS OF TITANIUM PIGMENTS

Business Diary in Europe: Aluminium on its mettle

Observers of the world aluminium industry will note with interest the planned visit to Rome next month of the German Chancellor, Helmut Schmidt, to the headquarters of Kaiser Aluminum and Chemical Corporation, the American multinational which controls the Anglesley Aluminium smelter.

The visit is bound to renew the debate about Kaiser's plans for the European operations, which have been much changed since the company's takeover in 1974. Kaiser has increased its stake in Anglesley to two thirds in 1975, with Rio Tinto-Zinc holding the remainder, and earlier this year took control of a 50 per cent stake in the German firm of Kaiser Aluminum Werke, its German partner.

These and other Kaiser operations will be visited by the German Chancellor, who will be led by Edgar C. Maier, president and chief executive. Last year, when he was talking optimistically about expansion at Anglesley, he was regarded as potentially the most efficient of the Kaiser's plants.

Germany's Chancellor, however, could be losing touch with his closest economic advisers in six months' time. Dr H. Schmidt, his economic right hand in the Chancellery, applied for the job of president of the state central bank

in West Berlin and the chances are that he will get the post.

When Schmidt moved from being finance minister to Chancellor in 1974 he took Hiss away from his former position as head of the finance ministry money and credit department. In many ways Hiss proved to be an ideal "Schmidt man". Expert, hard working but quiet, he could never be accused of trying to steal the limelight from his often dominating chief.

But a job in the Chancellery can take its toll of the loyal government official. The hours worked can be punishingly long.

If Hiss becomes head of the central bank in Berlin, life should be more relaxed. He will also be returning to familiar ground. Between 1953 and 1967, he worked in the influential West Berlin Institute for Economic Research.

ERIC taxpayers are having to pay for keeping in cold storage thousands of tons of meat which Italian butchers do not want to sell and Italian housewives do not want to buy.

Since January about 40,000 tons of frozen meat have come into Italy from West Germany, Holland, Ireland, Belgium and Denmark, but less than a fifth has been sold, and it is costing about £6,000 a day in storage fees.



Giovanni Marcora

However, for one thing, butchers are by law allowed only to deal in "fresh" meat and retailers will not go to the expense of installing new cold storage equipment when many of their customers have been persuaded to think that only fresh meat is hygienic.

The "fresh meat only" legislation is convenient for the butchers' lobby, since in the very few outlets which sell only exclusively frozen meat the price is often about half that of fresh. It is a sad reminder of the inefficiency, as well as the high profit margins, of the Italian distribution system.

The government has now authorised higher prices for frozen meat but to no avail.

Assorted academics and bureaucrats in London, Brussels or Geneva who have an interest in general countries may well be interested in an advertisement in the current edition of *The Economist* on behalf of a third World Foundation. This body wants a director of studies, two

high-class research students and a librarian. But be warned: applicants required a little telepathy wouldn't go amiss. The advertisement doesn't say to whom applications should be made.

John Moreu was in London from The Netherlands at the weekend describing some of the changes that are taking place in the international convention market.

He is the executive director of the Amsterdam-based International Congress and Convention Association, among whose members are London's West-End Conference Centre and the City's Barbican Arts Centre.

It was still important to have a big auditorium in a new conference centre, he said, but it was also becoming more and more necessary to provide "break-out rooms" where delegates could split up for smaller meetings.

Secondly, Moreu said, there was a need for flexible catering arrangements as lunchtime and dinner meetings were now almost as important as the session addresses.

Moreu was here with a member of the ICCA board, Peter Christensen, general manager of the Chateau Frontenac hotel in Paris, to discuss arrangements for the association's sixteenth general assembly in November.

This is to be held in neither London, Amsterdam nor Paris, but for the first time in Singapore, the unanimous recommendation of ICCA's new and vigorous Pacific chapter.

The association's president is

Alwin Zech, chairman of the Hongkong-based travel agents Pacific Leisure Mytravel, and the holding of this convention could mark Singapore's leap from the south-east Asian into the world convention league.

It is not easy for the up-and-coming accountancy firm to move on from auditing the medium-sized national company to auditing a fully-fledged multinational corporation.

Fryer Whitehill, which audits, among others, Smiths Industries, has 24 partners and 200 staff. It is a tenth the size of the big eight United Kingdom accountancy firms, which are increasingly grabbing the big auditing jobs. But Fryer Whitehill thinks it has overcome its size disadvantage by a joint venture with the much bigger Dutch firm Beyer and Livers.

The Dutch firm is one of the three largest partnerships in The Netherlands with 120 partners and 2,000 staff. It has offices throughout Europe and in New York, Lagos, Antilles and Surinam.

The new joint firm, which will have partners from both sides, called Moreu and Lingers Fryer Whitehill, will give Fryer Whitehill the international base it needs, while Moreu and Lingers will be able to do "in house" audits of English subsidiaries of its Dutch clients rather than putting the work out to correspondent firms.

Bank Treffer is a partner in the Dutch firm who, as his Government's adviser on accountancy, chaired the last working party on the EEC "fourth directive" which is intended to harmonize European practice.

The association's president is

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Plymouth makes up leeway

and attempts were made, and are still being made, to diversify the economy.

With its hinterland, Plymouth is regarded as a major growth area, and the South-West Economic Planning Council's 1974 Report estimated a population growth of 20 per cent by the end of the century—a rate which they advised should be increased to 25 per cent. Such an increase must come primarily from industrial development.

In the past 30 years more than 50 new factories have been built, employing some 14,000 people, while others are under construction. Making up the leeway of employment lost during the past few years, however, will be a lengthy process, and more industries are needed.

Industry in the regions

Under the government scheme for providing incentives for industry, Plymouth is designated an intermediate area, which means that manufacturers establishing factories there can claim a regional development grant of 20 per cent towards the cost of buildings, as well as training grants and other financial assistance.

In addition, the city itself is prepared to provide loans for factory construction, and the Department of Industry has a scheme whereby it can build factories for those who prefer to rent accommodation.

Arrow Hart, the international company which specializes in making electrical switches, is one of the concerns which have taken advantage of the facilities offered by Plymouth.

Before moving his factory lock, stock and barrel from Southall, Middlesex, in 1972, the managing director toured

all Britain, from Brighton to Scotland, inspecting possible sites and came to the conclusion that Plymouth was the only one to which he could ask his workpeople to move.

What followed was a wholesale migration for the company brought over 200 employees with it, together with their dependants, moving 1,000 people.

The company pays tribute to Plymouth City Council, which gave full cooperation in providing both the factory site (of 11 acres) and adequate housing.

The Southall employees who moved down to the West Country were basically a core of skilled specialists and, once established, the factory immediately found work for many of the local unemployed.

It now employs about 600, a total which is climbing steadily after a period of recession, and it is taking on more and more apprentices.

Arrow Hart supplies its products to the whole of Europe, with 15 to 20 per cent going for direct export. Transport to markets is mainly by British Rail, and poses no difficulties.

Macdonald & Evans is a publishing company which has found the move from London to the distant West Country by no means daunting or disadvantageous. A national enterprise, it has a seven-figure annual turnover and exports some 60 per cent of its production.

Until just over a year ago it had a central office in London and a warehouse at Southend.

Now everything is under one roof (40,000 sq ft, with ample room for expansion).

Two years ago Pleseyes set up an integrated circuit factory employing about 200 at Plymouth, and are expanding.

AD International, which makes dental equipment, has built a satellite factory and is training up a workforce of about 200.

Wright's, of chewing-gum fame, has been there for five or six years and employs about 700.

Ralph Whitlock

FINANCIAL NEWS AND MARKET REPORTS

Rowntree, Dunlop, RTZ, 'Pru', Vickers

TODAY: Interiors: Cohen Bros., Expanded Metal, Garton Eng., Stanley Gibbons Int., Leadhall, Sterling, W. J. Reynolds Hides, Simon Eng. and Vici Biscuits. Finals: Chambers and Faras, F and C Burroughs and W. Henshall and Sons.

TUESDAY: Interiors: Bank of Scotland, Bodycote Int., Electric and General Inv., Kleinwort Benson Lonsdale, Law Land, Liberty, Bernard Matthews, John Menzies, Pittard Grp. (amended), Silver Mines, G. W. Sparrow and Sons and Wadkin. Finals: Elder Smith, Ricardo Eng. and Geo. H. Scholes.

WEDNESDAY: Interiors: Remrose Corp., Brixton Estates, Dares Estates, Eagle Star Insurance, Antony Gibbs Hides, J. B. Hides, Laporte Inds., Plantation Hides, RTZ Corp., Rowntree Mackintosh, and Tilbury Contracting. Finals: Arthur Bell and Sons, Wades Departmental Stores, Westminster and County Props and Zettlers.

THURSDAY: Interiors: Anglo American Corp., Armstrong Equipment, Beralt Tin and

Wolfram, Berger, Jensen and Nicholson, British Printing Corp., C. T. Bowring, Bury and Masco (Hides), Brown Boveri, Kema, Chersonese (FMS) Estates, Delta Metal, Dunlop Hides, General Investors and Trucon, Hides & Sheldon, George Kent, Hugh Mackay, Newey Grp., Harold Perry Motors, Prudential Ass., Ramsomes Sims and Jeffries, Rowan and Boden, John C. Small and Tidman, Spear and Jackson Int.

Results this week

Vickers, Wm Whittingham Hides, Wilkinson Warburton, Pinks, Dowling and Mills, Ferry Pickering Grp., G. T. Japan Inv. Tr., Jentique, Muir River Rubber Co., Roan Consolidated Mines.

FRIDAY: Interiors: Granpian Hides, Southampton Isle of Wight, South of England Royal Steam Packer, Ward White Grp., Wharman Reeve Angel. Finals: Thos Walker.

Malaysia Rubber confident

At Malaysia Rubber, the chairman, in his annual statement, says that there has been some decline in rubber and palm oil prices from recent peak levels.

Present indications for the current year are that the group's share of profits from associates may not reach the record level of the past year.

Nevertheless, it is expected that total investment income will improve following mainly from the good trading conditions being experienced by the plantation company.

Ralph Whitlock

German co's US bid

Heidelberg, — Portland-Aemmerwerke Heidelberg has agreed with the board of the United States group Lehigh Portland Cement of Allentown to offer shareholders \$25 for each \$15 nominal share held.

The take-over depends on at least a majority of Lehigh's 3.4m shares being surrendered, it said in a statement. It added that it has sufficient funds to finance the deal.

Portland-Aemmerwerke, which has a basic capital of DM108m, said that the United States firm has five cement works, a total annual capacity of 2.5m tonnes and a 1976 turnover of \$104m.—Reuters.

UK finance houses need to see an upturn in base metal prices

Conventional wisdom has it that the UK mining houses will underperform the market in general while it is in a major bull phase. Only when the market is running out of steam are the mining companies likely to outperform.

The relative performances over the last year certainly bear out the first part of the general proposition. The FT Industrial Index has risen by about 64 per cent while the Mining Finance Index has increased by 24 per cent.

Among the houses themselves the performance has varied considerably with Rio Tinto-Zinc topping the list with a 43 per cent gain and Selection Trust bringing up the rear with a 13 per cent rise.

With the bull market seemingly having considerable further potential, now would appear not to be the right time to be buying into the houses.

But the signal for buying is not likely to solely rest on when fund managers and investors consider the general market to be running out of steam. With base metals in their current extraordinary state some sign that demand was picking up and stockpiles being drawn down should have a strong effect.

Conversely, the sluggish state of play in copper, nickel and zinc, particularly will have to be reversed before there can be much enthusiasm.

A significant rise in the gold price would help Consolidated Gold Fields, Charter Consolidated, and to a lesser degree RTZ (gold is almost propping up Bougainville), but bullion

shown no inclination to get carried away and has been making pedestrian progress to say the least.

The mining houses could get a boost this week when RTZ reports its interim figures. Since the publication of last year's preliminary figures, which showed an 111 per cent increase in net attributable profit to £81.5m, estimates for this year's performance have been consistently revised downwards as the early promise held out by copper in the first quarter collapsed.

In general, the market is hoping for earnings per share of 20p or net profits of about £48m in the first half, although there are some significant variations.

But it is in the estimates for the full year, that there is an

Mining

unusual degree of discord. In a quick straw poll last week of eight broking firms, estimates ranged from 36p at Laurence Prust to 45p at Fielding, Newson-Smith.

Only W. I. Carr, at 41p to 42p, was with Fielding in estimating above 40p, while De Zoete & Bevan and James Capel were on 40p. Scott, Goff, Hancock estimated 38p to 40p, Grievson, Grant has further scaled down its forecast to 35p while Joseph Sebag is in the Laurence Prust region of 36p to 37p.

It is mainly held that the second half is going to be worse than the first six months and so RTZ will need to make at least 20p in earnings per share if it is to make the 40p level for the full year.

When the preliminary figures were produced most estimates were in the upper reaches of the forties and even 50p plus.

Because of the erratic movements of base metal prices and because of the changing nature of RTZ more than usual impos-

sance will be attached to this week's interim results. If earnings are significantly below 19p, year-end forecasts are likely to be revised downwards further still.

It is becoming increasingly difficult to forecast RTZ's results with a reasonable degree of accuracy because an ever greater proportion of income is coming from unquoted companies—such as US Borax, RTZ Industries, and RTZ Oil and Gas. Then of course there is Rossing Uranium, which has yet to fulfil its promise.

One reason for Fielding, Newson-Smith projecting much higher figures than almost any body else is that it believes there will be an initial contribution from Rossing this year, whereas most brokers are of the view that it will not be until next year. (Once there were hopes that there would have been an initial contribution last year, but the mine ran into serious process problems.)

Considerable interest will be directed to the performance of the aluminium side, particularly Anglesey Aluminium, in which the group has a one-third stake. Having been plagued with problems, it now appears that most, if not all, have been sorted out and with the underlying strength of aluminium the operation could produce a useful bonus—last year it made its first profit.

If there has been much speculation over the level of earnings this year there is also considerable disagreement over the size of the dividend. RTZ has got through the Inchcape gap and broken free of dividend restraint and estimates of the full year pay out ranges from 13.54p gross to 16.2p gross. At the top end of the scale that would give a prospective yield of 5.95 per cent on Thursday's closing price of 233p.

Desmond Quigley

The British Electric Traction Company, Limited

Sir John Spencer Wills forecasts another record year

Saillant Figures	Year to 31st March 1977	1976
Profit before taxation	£2,000	£2,000
Taxation	55,310	42,175
Profit after taxation and minority interests	30,144	23,220
Deferred Ordinary Dividends	19,550	14,295
Rate of Dividend per 25p Deferred Ordinary Share	7.478	6.678
Earnings per Deferred Ordinary Share	5.168p	4.853p
	13.4p	10.0p

The following are extracts from the Review of the Chairman, Sir John Spencer Wills, which has been circulated with the Report and Accounts for the year ended 31st March 1977.

Accounts

The pre-tax profit for the year to 31st March 1977 of £553 million was a record and compares with £421 million for the previous year.

With the exception of Wembley Stadium, which had to bear substantially increased interest charges in connection with its building development programme and heavy repair and maintenance costs, most sectors of the Group contributed towards this improved performance. Excellent profits were achieved by Advance Laundries, Argus Press, Boulton & Paul, Thames Television and United Transport, while Humphries Holdings and Murphy Bros. each showed substantial recovery.

Although the results presented in the consolidated accounts can be considered a satisfactory showing, the economic outlook and the need to beat inflation call for even greater efforts to raise productivity and increase operational efficiency. The management of our companies are fully aware of this but, throughout the industry, the pursuit of these two aims is becoming increasingly difficult because of the present Government's belief that it is better qualified to run the economy than those who have made it their career. Returns and questionnaires proliferate and a vast amount of time has to be spent in studying and trying to understand an almost ceaseless stream of legislation, Government papers of different colours, Committee of Inquiry reports and the like, not a few of which reflect the dogma of the more extreme political left. In my Review three years ago, I referred to industrial profits as the life blood of the nation. Without an adequate level of profits, the outlook is unfavourable for employment and our standard of living. Lip service is indeed paid to the need for a vigorous and profitable private sector of industry but lip service is not enough.

Printing and Publishing

Argus Press Holdings increased its pre-tax profit from £436,000 in 1975, to a record £934,000 in 1976. Electrical Press increased its pre-tax profit from £190,000 to a record £217,000.

The publishing operations of Argus Press Holdings and Electrical Press are being steadily expanded by launches and acquisitions. They currently include three groups of weekly newspapers in London and the surrounding counties—a total of 32 newspaper titles—and 47 magazines which range widely in subject matter from general interest and hobbies to publications for trade and industry.

Performance to date in the current year, together with anticipated results of development in progress, justify expectation of further satisfactory profit.

Reclamation and Disposal

In 1975, Reclamation and Disposal reduced its pre-tax loss from the 1974 figure of £218,000 to £131,000. In 1976, the year under review, the loss was further reduced to £79,000.

Last year I referred to the technical problems associated with the operation of Re-Chem International's waste treatment centres at Pontypool in South Wales and Roughmure in Scotland. Although too late to reduce materially the operating losses in 1976, there has been an improvement on the technical side in recent months, whilst we are not yet wholly out of the wood, a more reliable standard of operation is currently being achieved. Reclamation and Disposal's other subsidiary, Biffa Holdings, which is engaged in general waste disposal and the supply of building materials, continued its steady growth in 1976 and again earned record profits.

Advance Laundries

The gratifying improvement in Advance Laundries' results continued during 1976, when a pre-tax profit of £3.45 million was earned. This compares with a profit of £2.55 million in 1975 and is more than double the £1.66 million recorded in 1974.

The Towelmaster Service, which is the Advance group's major profit earner, maintained its popularity and further useful progress was made by the Airmaster air freshening service and the Dustmaster mat hire service.

Advance Laundries is expected to show a further improvement in profit in 1977. The pace of the past two years has been such, however, that it would be unrealistic to expect anything like that rate of progress to be maintained.

Humphries Holdings

There was a marked improvement in the results for the year to 31st March 1977. The group loss, before taxation and extraordinary items, was reduced to £35,000 compared with £832,000 for the previous year. The year's results were affected by further redundancy payments which cost the group £25,000.

The largest factor in the improvement was the reduction from £771,000 to £148,000 in the loss incurred by Humphries Film Laboratories. The drastic reorganisation of this company has accelerated a return to profitability since September 1976.

Problems still remain to be solved in the Humphries Holdings group but the management is expecting a further overall improvement this year which should see a return to profit.

Canadian Motorways

Canadian Motorways' results for 1976 were marginally down on the record results of the previous year although, due to the depreciation of the pound in relation to the Canadian dollar, profits expressed in sterling showed an increase from the 1975 figure of £1.24 million to £1.48 million in 1976.

The whole Canadian economy is affected by the Government's anti-inflation regulations, designed to limit incomes, prices and profits, and Canadian Motorways' business did not escape the impact of the measures.

Because of the damaging effect of the regulations on business activity there has been less traffic to date in 1977. Under the present economic climate, Canadian Motorways will do well this year to match its 1976 results.

United Transport

Growth, both in the United Kingdom and overseas, has resulted in a substantial advance in United Transport's profits. Excluding a currency profit of £2.29 million, compared with a loss on that account of £1.15 million in 1975, the pre-tax profit for 1976 was £15.34 million, against £12.24 million in 1975.

Although the recovery in general trade at home has lagged behind expectation, much improved results were obtained by a number of companies, including the International Ferry Freight container operating company, the Smith of Madras and Jameson road freight companies and the road tanker operations carried on by the Bulwark United Transport group.

The record results achieved by overseas companies reflect in particular advances made in South Africa and Europe.

In Southern Africa, development has been confined to existing transport companies which have extended operations successfully, despite difficult conditions. Freight operations in Europe achieved record turnover and profit levels. Trading conditions were difficult for the group's bus companies in East Africa and freight operations in Australia. However, United Transport's touring companies showed improved profits in both the South Pacific and East Africa.

Growth has continued in the current year and a further increase in profit is expected.

Plant Hire

All sectors of the Group's plant hire business experienced difficult trading conditions throughout the year but, nevertheless, the total pre-tax profit amounted to £4.13 million against £4.10 million for the previous year.

D. White, whose revenue is earned from the hire of truck-mounted cranes, including some very large capacity cranes, returned a profit of £1.24 million, a modest increase of £41,000 over the previous year's record figure.

Grayston's profit of £1.77 million was slightly lower than the

record achieved in the previous year, due to a rapid deterioration of the work-load experienced by the Dutch and South African subsidiaries in the second half of their financial years.

A pre-tax profit of £1.12 million earned by Edilcon Plant was an increase of £85,000 over the previous year. Demand for forklift trucks hire started to improve in the second half of the year and has accelerated in more recent months.

Utilisation of equipment throughout the plant hire division was satisfactory but, with the possible exception of forklift trucks, hire rates continued to be depressed.

Tough trading conditions are likely to prevail for some time ahead but it is not expected that the overall profit from our three plant hire companies for the current year will show any substantial diminution.

Murphy Bros.

During the year ended 31st December 1976, Murphy Bros. incurred a pre-tax loss of £222,000 compared with the previous year's loss of £26 million. There was a return to profitability in the United Kingdom operations, but trading in Germany continued to be un rewarding.

In last year's Review, I stated that the problems of the German civil engineering company, Junk & Grubbs, had still to be satisfactorily resolved. This company continued to incur considerable losses on two major long-term autobahn contracts and in view of this, it was decided to withdraw from this activity, and the German company was sold for a nominal consideration before the year-end.

In Murphy Bros.' principal United Kingdom activity of opencast mining, 968,000 tons of coal were recovered on behalf of the Opencast Executive of the National Coal Board, and this was achieved at an overall profit. In this activity a reasonable continuity of work is secured for the current year but the programme has been affected by the exceptionally wet winter.

Rediffusion Television

The pre-tax profit of Rediffusion Television for the year ended 29th July 1976, including the whole of the profit of Thames Television for its year to 30th June 1976, was £8.95 million compared with £6.5 million for the previous twelve months. Thames' increase in profit was due to a considerable improvement in advertisement revenue. The company also achieved a marked improvement in the sale of its programmes outside the United Kingdom. The profit, after tax and minority interests, of Rediffusion Television, which has a 50 per cent interest in Thames Television, was £3.05 million compared with £2.33 million for the previous year.

Thames Television's revenue from advertisements and sales of programmes has continued to improve and the company's profit is expected to be significantly greater for its year to 30th June 1977. This improvement in profit will be reflected in Rediffusion Television's accounts to 29th July 1977, which will be consolidated in B.E.T.'s Accounts for the current year.

Rediffusion Holdings

Compared with the pre-tax loss of £231,000 in 1975/76, Rediffusion Holdings incurred a loss of £2.24 million, before taxation, in the year to 31st March 1977, due largely to the substantial increase in the amount of interest incurred by one of its subsidiaries, Wembley Stadium Limited, in connection with the financing of its major building development programme.

The building work at Wembley on the new Conference Centre, office block, car parks and overhead walkways is now almost complete, and the whole office block has been satisfactorily let to one substantial tenant.

The Conference Centre was officially opened by H.R.H. the Duke of Kent on 31st January 1977. It has already attracted bookings for events of many different kinds. The Envision Song Contest in 1977 was staged by the BBC in the main auditorium of the Centre.

Rediffusion Holdings' other main operating subsidiary, Walport, which provides film and closed-circuit television entertainment on ships and aircraft, had another successful year and increased its profit.

Boulton & Paul

In the year to 31st March 1977, Boulton & Paul achieved a record profit of £6.78 million, before tax, exceeding the company's previous best performance of £5.1 million in 1973/74. The joinery department and Stephens and Carter, which specialises in the manufacture, sale and hire of scaffolding equipment

and ladders, increased their shares of their respective markets, as did Bigstede, the Dutch subsidiary which is in the same general line of business as Stephens and Carter. The results of the structural steel subsidiary benefited from the completion of several major contracts.

As to the current financial year, only a real increase in activity in the building industry, particularly house building, is likely to bring any material improvement in Boulton & Paul's profits. Should there be no such upturn in demand, the management of Boulton & Paul are nevertheless hopeful that by even greater production efficiency and market penetration, some increase on the 1976/77 level of profit will be possible.

Rediffusion

Rediffusion's profit, before tax, for the year to 31st March 1977, at £16.47 million, showed only a marginal increase on the previous year's figure.

Under conditions by no means favourable to growth, its television business and related activities made satisfactory progress, contributing 11 per cent more trading profit than in the previous year.

Rediffusion's television set factories, which suffered severe cutbacks last year, are now operating on reasonable levels of production. A new generation of colour television sets has been designed and the first of the new models came into production early in 1977, embodying the latest precision 'in-line' tube technology and many other technical improvements.

Rediffusion now has more colour television subscribers renting aerial sets than cable sets, although the numbers of both showed a satisfactory increase over the year.

Capital Radio, in which Rediffusion has a 17.5 per cent interest, earned a good profit for its year to 30th September 1976, on a turnover which was double that of the previous year.

Among the Rediffusion companies, which make electronic capital equipment, Rediffon Computers was the only one to surpass its achievement of the previous year. It did extremely well. Rediffon Flight Simulation would also have done well, but for a serious overspending on a major, and technically successful, contract for the United States Air Force. The outlook for the Flight Simulation company remains very good and it has an excellent order book. The expected recovery by Rediffon Telecommunications did not materialise. It has been necessary to initiate a major reorganisation of its operations, which cannot be expected to make a profit this year.

In Hong Kong, during the past year, total television advertising revenue increased by about 50 per cent. Rediffusion Television of Hong Kong (RTV), in which Rediffusion Limited has a 64 per cent shareholding, increased its own revenue by a similar factor. Unfortunately the operating costs of the television industry in Hong Kong continued to rise. As a result, despite substantially improved revenue, RTV made an operating loss almost as large as in the previous year. Because of the weakness of the pound the sterling equivalent of the loss, included in the consolidated accounts, is in fact larger than the previous year's loss.

Rediffusion's Canadian subsidiary, Delta-Benco-Cascade, which makes cable-television equipment, had another disappointing year as the expected upturn in business did not materialise.

Overall, Rediffusion's other overseas subsidiaries produced satisfactory results.

The Outlook

Last year saw B.E.T. well on the way to the solution of the problems which have for some time beset Humphries Holdings and Murphy Bros.; these two companies have made substantial progress and look set to move into profit in the current year. The technical difficulties encountered in establishing Re-Chem's industrial waste disposal business would also seem to have been largely overcome. I have mentioned in this Review certain operations which still present problems but, as regards the B.E.T. Group as a whole, there is no reason why we should not show continued overall progress. I therefore expect a further increase in profit this year but, as we have yet to see the effect on wage settlements of the ending on 31st July last of Phase 2 of the Government's voluntary pay policy, I am not prepared to attempt a forecast of the extent of the increase.

The Annual General Meeting of The British Electric Traction Company, Limited will be held on 13th October 1977, at the Connaught Rooms, Great Queen Street, London, W.C.2.

Copies of the Report and Accounts, containing the Chairman's Review, can be obtained from the Secretary (TT), Stratton House, Piccadilly, London, W1X 6AS.

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Interim Results (Unaudited)

	Half-year 1977	Half-year 1976	Year 1976
TURNOVER	£200	£200	£200
TRADING PROFIT	316,951	294,761	528,932
Investment and other income	15,514	14,072	33,307
Interest payable (net)	2,056	3,568	5,402
Share of profits of associated companies	17,570	17,640	38,708
PROFIT BEFORE TAXATION	3,847	3,529	7,893
Taxation	13,728	14,111	30,726
PROFIT AFTER TAXATION	1,390	1,067	2,899
Minority interests	18,619	15,178	34,325
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS before extraordinary items	6,086	6,356	14,288
ORDINARY DIVIDENDS: cost (£200)	9,533	8,822	20,167
per share (pence)	50	53	337
includes (£200): currency gains (losses)	9,483	8,769	19,820
profit on sale of shares in Herbert Morris Limited	33	33	66
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS before extraordinary items	17	9,450	8,736
ORDINARY DIVIDENDS: cost (£200)	2,147	961	1,822
per share (pence)	2,358p	1,065p	2,112p
includes (£200): currency gains (losses)	(600)	2,994	4,748
profit on sale of shares in Herbert Morris Limited	2,006	—	—

Mr. John King reports:

During the first half of 1977 virtually no relaxation occurred in the economic recession which for the past two years has affected many of the markets in which the Group operates. It is not surprising therefore that so far this year many of the Group's operations have been unable to improve on last year's levels of activity. The diversification of product and geography of earlier years has enabled the Group to maintain its profitability in the generally unfavourable trading conditions experienced. In the United Kingdom industries have had to contend with the continuing high rate of inflation, making it more difficult to meet the increasingly severe competition for the limited business available overseas.

Trading results

The unaudited consolidated accounts for the half-year ended 30th June 1977 show a turnover of £317.0 million (1976: £294.8 million) and a profit before taxation of £15,619,000 (1976: £15,178,000). Export sales by United Kingdom companies marginally increased as a proportion of the relative total turnover.

Investment and other income for 1977 includes the net profit arising from the sale of shares in Herbert Morris Limited, amounting to £2,006,000 (1976: Nil), and losses of £600,000 (1976: profit £2,994,000) resulting from changes in foreign currency rates.

In line with a policy to adopt in due course a concurrent financial year for all companies in the Group, the accounting dates of certain subsidiary companies will be changed this year from 30th September to on or about 31st December. For the purpose of preparing the interim statement the results of these companies have been included up to 30th June 1977. The effect on the figures for 1977 in the above statement has been to increase turnover by £21.7 million, trading profits by £770,000, and the profit before taxation by £609,000. In addition, trading profit has benefited by a credit of £940,000 in respect of the excess of a provision made in 1976 for net cost of a redundancy over the costs incurred.

Following the issue by the Accounting Standards Committee of Exposure Draft 19, your directors believe that it will not be necessary to set aside further provisions for deferred taxation in respect of stock relief and other allowances receivable by Group companies in the United Kingdom. The reduced charge for taxation against the 1977 first half profits reflects this change in policy.

While profits have remained relatively static, the investment in working capital has been reduced to the benefit of cash flow in most parts of the Group. As a consequence, the Group's liquid position is currently much stronger than it was at the beginning of the year.

Cleveland House, London SW1Y 4LN, 13th September 1977

Babcock & Wilcox Limited

A leader in world-wide engineering

The Caledonian Trust Company Limited

	1977	1976
Equity shareholders' interest	£35,288,704	£30,364,177
Asset value per share	95.7p	82.4p
Revenue attributable to ordinary shareholders	£588,377	£518,881
Ordinary shares ranking for dividend	35,325,371	34,788,522
Earnings per ordinary share	1.67p	1.49p
Ordinary dividend per share	interim 0.50p final 1.10p	0.50p 0.90p
Capitalisation issue in B ordinary shares	1.77723%	1.69972%

In his Chairman's Statement dated 24 August 1977, Mr J.A. Lumsden comments as follows:

FUTURE OUTLOOK

In the USA fears of reduced growth in economic activity, combined with an adverse balance of trade, have depressed stock markets, while in Japan, increased uncertainty in regard to export markets has recently had some adverse effects. In the UK, however, there is an increased confidence as the benefits of North Sea oil, which will transform the UK balance of payments situation, begin to come through.

While confidence in the UK is increasing, there still remains an element of uncertainty. Our rate of inflation is still high, but is now beginning to come down slowly. The strength of sterling, the reductions in public expenditure, the fall in commodity prices, and the curtailment

of wage and salary increases during the past two years should moderate price rises and bring the rate of inflation lower. If on the other hand the end of the incomes policy leads to wage and salary increases greater than the economy can support, then inflationary pressures will rise again with serious consequences. It is to be hoped that moderation in wage claims will prevail, in which event the outlook for the UK stock market should continue favourable.

DIVIDEND POLICY

It is our aim to achieve a steady growth in dividends, and I anticipate a further improvement in dividend in the current year. An increase in the interim dividend from 0.5p to 0.6p is now recommended by the Board.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 10 October 1977 at 11.00 a.m. at 175 West George Street, Glasgow G2 2LD.

MANAGED BY MURRAY JOHNSTONE LIMITED.

FINANCIAL NEWS AND MARKET REPORTS

Analysts foresee strength in bull market and advise on overcaution

Despite the mild hiccup at the end of last week, the consensus of broking opinion suggests that this bull market should have a good deal further to go. Mr Bill Bain's recent market summary for Wood Mackenzie probably sums up the general attitude.

"It might be foolhardy to expect share prices to achieve an uninterrupted progress but it might be equally so to be panicked out of equity markets at the present time simply because of the recovery, which they have achieved from this 1974 low." And in his own fashion, Mr Tony Rudd of Rowe, Rudd mirrors that sentiment as he concludes: "This is still a bull market in which to participate. Don't panic out of this stage."

So which stocks should the unperturbed investor buy now? Wood Mackenzie's action recommendations currently include GEC, where a further good advance in profits projected for the current year, the shares should now achieve further relative gains.

Mr Bain also advises purchases of BP and the firm is forecasting significant rise in profits over the next few years accompanied by substantial

dividend increases. "Although the price relative performance may seem good for a further month or so," the firm states, "funds overweight in the stock should begin to accumulate shares at current levels."

Rowe Rudd also likes oil shares on the principle that, because the timing of the top of this market is difficult to predict, investors should sell away at least 10 per cent of their portfolios in "hedge" stocks. Oil, since it will never be as cheap again as it is now, comes into the "hedge" category and Mr Rudd goes for BP and LASMO.

He advises investors to steer clear of the financial sector, with the exception of the special situation of the insurance industry. Similarly, composites feature strongly in Wood Mackenzie's list of current recommendations, where "although" some short-term reaction in price is likely, we remain our recommendations in these areas and look for buying opportunities over the next

few weeks". Mr Bain picks out Eagle Star, General Accident and Sun Alliance as the best of the bunch.

Sun Alliance comes in for a strong buy recommendation from Mr Peter Martin and Mr Neil Franklin at Capel-Cure Myers. "Despite the sharp rise in the price in the last few months," they say, "We regard the shares as still attractive and the opportunity should be taken to acquire them at around current levels to build up a long term holding."

Capel is going for 65 per cent and 57 per cent growth in 1977 for pre-tax profits and earnings respectively which will be one of the strongest advances in the composite sector.

Sun Alliance had by far the best underwriting record in the seven years to 1976, which Messrs Martin and Franklin expect to be resumed from the current year. The solvency ratio is in the region of 63 per cent—again about the best in the industry—and with 50 per cent of its worldwide premium income derived from the United Kingdom, "the group is well placed to benefit from the expected sharp fall in the rate of United Kingdom inflation from 1978".

Ray Maughan

Brokers' views

away at least 10 per cent of their portfolios in "hedge" stocks. Oil, since it will never be as cheap again as it is now, comes into the "hedge" category and Mr Rudd goes for BP and LASMO.

He advises investors to steer clear of the financial sector, with the exception of the special situation of the insurance industry. Similarly, composites feature strongly in Wood Mackenzie's list of current recommendations, where "although" some short-term reaction in price is likely, we remain our recommendations in these areas and look for buying opportunities over the next

Econa results 'patchy' so far

Mr R. R. Scott, chairman of Econa Limited, told shareholders at the annual meeting that: "I think it would be a fair statement to say that results so far this year are 'patchy' and individual companies have fared—some better, some not so well."

Specific factors which have been adverse are: Unofficial industrial action in two companies—one lasting several weeks—has resulted in loss of production. The actual loss of orders appears to be minimal and Econa should be able to recover most of the resultant loss of profits as it rebuilds stocks and meets the accumulated orders in the coming months.

At Econa Products the failure of a major merchant

operation—in addition to the resultant loss of orders—has resulted in a significant loss of monthly sales which has not yet been made good and there is currently severe competition from imported—and we maintain "dumped"—products. The remaining companies have each turned in improved results.

"I referred in my chairman's statement in the annual report and accounts to possible acquisitions and as the final stages of negotiations for two of these are currently in hand you should be hearing from us in the very near future. One of these is entirely compatible with our existing business and the second is of a diversification nature. We will expect the year's results to show the benefits of the profits from these

operations. This is not the sum total of our acquisition ambitions and we hope we will be able to report further success in this direction before our year-end."

Peterborough Australia

Melbourne.—The audited consolidated operating profit of Peterborough Australia was \$46.5m against \$4.1m in the year ended June 30. Sales rose to \$239.6m from \$205.8m. Earnings per share jumped to 17.3 cents from 11.2. But the final dividend stays at 3.125 cents. So the total is unchanged at 42 per cent of the issue prior to maturity and the company will have the non-cumulative option to increase such sinking fund instalment by up to 100 per cent. The maximum average life of the bonds will thus be 11.65 years.

The company and its

Pricing arrangements 'might make imbalances worse'

In its latest Metals Analysis and Outlook report, Charter Consolidated says that after last year's 15 per cent to 20 per cent recovery in metal prices, the very low prices prevailing since then—admittedly from the very low levels of 1975—has been forecasting continuing but declining growth rates of some 10 per cent to 15 per cent for 1977 and 5 per cent to 10 per cent for 1978.

In fact, most metals should equal or surpass their previous peak consumption levels this year.

Saying that individual metals have fared differently in the markets, the report adds that aluminium and lead have done well as their consumption has begun to bump against capacity. The exceptional performance of tin can in large measure be attributed to the unwillingness of the United States to meet the supply deficit as it has done in the past.

The report says that at a more general level a noteworthy feature has been the collapse of two seemingly interchangeable producer pricing systems—nickel and cobalt—and the ineffectiveness of the price agreement for tin, the only metal regulated by an international body.

"There is even talk of United States copper producers pricing on Comex by one means or another."

"The lesson to be drawn is that even if pricing arrangements can be useful in market fluctuations they cannot stand our indefinitely against major supply/demand imbalances and, indeed, in the long run may make them worse."

On copper, the report says that for the latter half of this year, Charter's projections imply a fall in refined metal stocks but their level will still be excessive by year-end. "This is normally associated with a

price in the vicinity of our \$0.65 to \$0.75 floor price band."

In Charter's opinion, the very low prices prevailing since then—admittedly from the very low levels of 1975—has been forecasting continuing but declining growth rates of some 10 per cent to 15 per cent for 1977 and 5 per cent to 10 per cent for 1978.

"After this shake-out and as more American producers announce extended summer shut-downs, we anticipate that the LME price will quickly move into our floor price band."

Next year will see a further fall in refined stocks, says

Commodities

Charter. In addition, significant economic growth for the third year running will also generate some bullish sentiment in spite of the remaining stock overhang.

The outlook is for the LME price to make excursions above our floor price band, but averaging for the year closer to it (\$0.70 to \$0.81 per lb) in 1978 dollars assuming 6 per cent inflation next year than to our long-term average price range (\$0.57 to \$1.08 per lb).

"The price likely to return to our floor price band in 1979 if, as we anticipate, the world economy then enters a recession."

The commercial sector's tin deficit this year will be of the order of 7,000 to 17,000 tonnes, says the report. Presumably its counterpart will be a corresponding decline in refined metal stocks held by smelters, merchants, exchanges, speculators and consumers.

For this to happen, the tin price will have to remain high during the remainder of the

year, almost certainly above the International Tin Council's ceiling of \$M1,500 per picul.

"We anticipate that the deficit for 1978, excluding any transactions by the GSA and ITC, will probably be some 13,000 to 23,000 tonnes. This time the gap will probably be filled by the United States, with in all likelihood enough metal being supplied to drive the price down into the upper half of the ITC price range."

"This would be \$M1,350 to 1,500 per picul on the basis of the present range, or some 5 per cent higher if, out of deference to the producers, the range were adjusted upwards to account for inflation."

The report says that the consequences should the United States for one reason or another delay releasing metal until 1979, would certainly not be in the long-term interests of the producers.

"Consumers forced to battle for inadequate tin supplies in the face of spiralling prices for yet another year would in increasing numbers turn to substitutes, a process which is generally irreversible."

On lead, the report says that with metal stocks held by producers and United States consumers already on the low side, the jump in replacement battery demand brought about by the severe North American winter quickly pushed lead prices to high levels early this year.

"Since we are projecting two further years with net tin and refined metal stocks, we conclude that the LME price will remain relatively high, averaging in the region of 25 cents to 30 cents per lb (expressed in constant money 1977 dollars) for the next 18 months."

Wallace Jackson
Commodities Editor

Good start to the year by Heywood Williams

Half-year profit of Heywood Williams Group, makers of building materials in Portland cement and glass, will show a reasonable improvement and the start of an advance towards an acceptable level of profitability. This projection, made by Mr Douglas Oliphant in his first report as chairman, follows the group's return to profit in the year to April 30, 1977, with £59,000 pre-tax, against a loss of £826,000.

The current year has started profitably in difficult economic conditions, but the board does not intend to return to the dividend list until results for the full year are audited.

Looking back on his seven months in the chair, Mr Oliphant says: "The company has gone through a very bad period indeed. It is in a state of recovery—convalescence is almost over—and modest profits are now being earned."

While he now looks forward with "quiet but justifiable confidence," Mr Oliphant recalls that cash problems were such that a receiver could well have

been appointed in December, 1976. Very drastic action has been taken since to stop all loss-making activities and correct the liquidity position. Sales of two companies and interests in another two realized £317,000, of which £57,000 was profit, and enabled the group to reduce borrowings by £700,000.

The cash position was further improved by remittances from the group's South African companies, which contributed 19 per cent of last year's £18.7m turnover and nearly half of the £530,000 pre-interest profit.

Altogether, loans and overdrafts were reduced by more than £1.1m (from a total of £4.1m to £2.9m). Mr Oliphant also drew attention to a £176,000 reduction in working capital.

Since the year-end, loans have been reduced by a further £167,000 and closures have continued. In July, Heywood Williams Ltd, the principal British subsidiary, ceased manufacture at Baywell Works in Huddersfield.

Western Mining Corp's issue of \$40m bonds

S. G. Warburg & Co, together with Banque de Paris et des Pays-Bas, Dresdner Bank, ICB International, Morgan Stanley International and Swiss Bank Corporation (Overseas) are making arrangements for an issue of US\$40m bonds 1992 in the international capital market by Western Mining Corporation, Melbourne.

The final terms are expected to be fixed on Wednesday, September 28, in accordance with the prevailing market conditions. In current market conditions a coupon of 9 per cent per annum is expected. A sinking fund will operate from the end of the third year to redeem 42 per cent of the issue prior to maturity and the company will have the non-cumulative option to increase such sinking fund instalment by up to 100 per cent. The maximum average life of the bonds will thus be 11.65 years.

The company and its

subsidiaries constitute one of Australia's largest direct mining groups. It is the fourth largest integrated nickel producer in the non-communist world and accounted for over 6 per cent of total mine production in 1976. Gross income and profits are derived for the most part from its nickel operations but the company also has interests in aluminium, gold, lead and uranium. All its mining properties and production facilities are situated in Australia.

The net proceeds of the issue will be used by the company to fund part of its capital expenditure programme and to refinance "maturing" United States dollar borrowings.

Application will be made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland for the bonds to be admitted to the Official List. The brokers to the issue are Hoare Govett Ltd.

Gilt-edged team defect to Fielding Newson-Smith

Five of the twelve-man pits team which is quitting Capel-Cure Myers to join rival stockbrokers Fielding Newson-Smith are to be made partners by their new firm.

The team, headed by Mr David Shaw, apparently feels that its business does not receive sufficient prominence within Capel-Cure—predominantly an equities specialist with a large private-client operation—although it accounts for about 15 per cent of profits last year.

Capel, which has undergone a succession of management upheavals in recent weeks, will

introduce a "holding operation" on its gilt business when the team departs according to Mr David Grenier, who took over as chairman recently.

Finance has hitherto relied on outside advisers to meet its clients' gilt requirements and yesterday, senior partner, Mr James Dundas Hamilton, said that his firm felt that a gilt department of its own had become a necessity.

This is not the first time that Capel-Cure's original attraction—its gilt side from Hoare Govett—has just over four years ago.

Hartebeestfontein outlook

The Hartebeestfontein Gold Mine's chairman, Mr Basil E. Hervo, says in his annual report that circumstances are now more favourable in the gold mining industry than a year ago but, because of various factors, he declines to give any firm estimates regarding the company's future earnings and dividends.

The company has obtained a two-year uranium oxide supply contract at a satisfactory price including arrangements for a R3m loan. Negotiations are under way to secure additional longer-term contracts on similar terms and, if successful, the company will be able to improve its line with increased world uranium prices and the introduction of the "11-shift fortnight."

Mr Hervo continues: "Recently the gold price has shown signs of an upward trend and world uranium prices at present remain firm. Continued recession in South Africa and a sluggish world economy could lead to pressure on currencies and hence further improvement in the gold price. While the availability of white miners has been barely sufficient to meet present needs, black labour is more than adequate in numbers and should show an improvement in productivity."

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CHRISTOPHER MORAN GROUP LIMITED

Extracts from the Chairman's Statement

"The policy of the group, as now constituted, is to continue the expansion of the insurance activities, which have the advantages of positive cash flow and little direct dependence on sterling and are to a large extent proof against inflation. We will continue to maximise the value of our investments in the industrial companies."

"The insurance broking and underwriting agency division produced pre-tax profits 72 per cent in excess of the previous year."

"The future of the industrial division is under active consideration by the directors... and shareholders will be informed when there is something concrete to report."

"In the year to date insurance brokerage, now the most important component of our trading income, is showing an increase of more than 50 per cent compared to the same period last year, and we confidently expect that this will result in a substantial improvement in results for the year to 31st January, 1978... performance since circulation of the Report has strengthened this confidence."

J. REDGROVE

Copies of the Report and Accounts may be obtained from
The Secretary, Christopher Moran Group Ltd.,
58 Golden Lane, London EC1Y 0UB.

Louis NEWMARK Limited

The Chairman, Mr. Geoffrey Newmark, reports:-

- With many and varied problems surmounted during the year the results achieved are considered satisfactory.
- In the electro-mechanical and electronic fields progress has been more than satisfactory and our new products have contributed their full share of profits and turnover.
- Merchandising profits showed a fall due to problems in the watch trade. The Board took the decision to treat the introduction onto the market of the solid state watch with great caution until the position had been stabilised. In the result we have missed some sales, but we have not incurred losses or bad stock. A decision will shortly be taken on which lines to market.
- In the important field of finance the resources available are adequate to support the planned turnover for the foreseeable future.
- The Board wish me to thank all employees of the Group for their efforts in a difficult year.

Salient Figures:	1977 (£000's)	1976 (£000's)
Profit Turnover	1,358	1,043
Manufacturing	480	6,588
Merchandising	1,358	20,642
Profit After Taxation	874	1,622
Ordinary Dividend per share	8.0223p	5.4194p

Copies of the full report can be obtained from the Secretary,
80, Gloucester Road, Croydon CR9 2LD

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(Current market price multiplied by the number of shares in issue for the stock quoted)

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